

erger

**NEWS SUMMARY**

GENERAL

**BUSINESS**

**Equities extend rally; gold up**

BY RICHARD EVANS, LOBBY EDITOR

Mr. James Callaghan decided yesterday against seeking an early vote of confidence after the damaging Finance Bill defeats inflicted on the Government this week. Instead, he launched an attack on the Conservatives for their irresponsibility in seeking to destroy Budget strategy.

Although Ministers accept that started a similar tour in Scotland, Howe, shadow Chancellor, visits underline the emphasised that the Conservatives fully appreciated the effect of their amendments and intended to stick by them, in spite of the smokescreen of confusion being spread by the Chancellor.

The Prime Minister, after calmly brushing aside Conservative demands in the Commons for an immediate election, accused the Tories of devoting every last penny of their Finance Bill victories to lighten the tax payment of those best able to pay.

There are signs that an attempt might be made to overturn the successful Conservative amendment raising by £1,000 to £3,000 the level at which higher tax rates start to operate. Ministers are convinced that the Scottish Nationalists—whose votes proved critical—did not appreciate that the cost of the amendment because of its “ripple” effect throughout the higher rates will be £105m. this year. They believe there is a chance of reversing the decision.

Ministers will continue the campaign launched with vigour by the Prime Minister in Manchester last night to brand the Tories and their minority party as cynical Budget wreckers whose amendments will benefit only the rich.

Mr. Callaghan was on a 48-hour tour of Lancashire and Mrs. Thatcher, Conservative leader, An unrepentant Sir Geoffrey

has protested strongly to the Soviet Union about an alleged military invasion into north-east China last Tuesday. China says that 30 Soviet troops crossed the Ussuri River border, wounding several peasants. It alleges that the Soviet troops penetrated 4km. into Chinese territory, seizing 14 people who were beaten before they were released.

The incident, the worst for several years, breaks an uneasy truce on the frontier.

China also announced yesterday that Chairman Hua Kuo-feng is to pay an official visit to France. Back and Page 6

**troops quell Iran march**

Iranian troops and police stopped a major march in Tehran, several thousand demonstrators, shouting anti-Shah and anti-government slogans, were met with tear gas and baton charges. Unconfirmed reports say scores of people were injured. At least 15 people have died in the last four days. There have been no further reports of unrest in provincial towns. The Shah has cancelled all engagements and postponed a state visit to Bulgaria. Page 6

**Cell death**

Two cars and a van were hijacked and set on fire in Belfast in protest at the death of a man held for questioning about the murder of a policeman. Brian McGuire was reported to have been found hanging by a piece of bed sheeting at Castlereagh Interrogation centre.

**Split vote**

U.S. Senate foreign relations committee split down middle in vote on whether to approve \$10m. worth of war planes to Saudi Arabia, Egypt and Israel. The issue now goes to the full Senate. Arab Americans called for federal judge to halt arms sales to Israel. They say U.S.-supplied weapons were used illegally in Israel's March 14 invasion of Lebanon. Page 4

**Korean fears**

North Korea claims that the U.S. is preparing South Korea for war by giving Seoul more planes, tanks, guns, ammunition and rockets to compensate for withdrawal of American forces. North Korean General Han Ju-yong told the Korean Armistice Commission: “An all-out war could break out at any time.” Page 8

**Miner killed**

One miner killed and another seriously injured in an underground explosion at Bodmin Colliery in South Wales. An inquiry into the cause of the explosion is to be held.

**Neutron warning**

West German Chancellor Helmut Schmidt said he believed his meeting last week with Soviet President Brezhnev would give new impetus to East-West disarmament talks. Russia warned at Geneva Disarmament Conference that an aggressor might be tempted to use the neutron bomb to suppress national liberation movements in countries outside Europe. Page 3

**Briefly ...**

President Marcos will share his law-making power with Philipines interim legislature “provided it performs its tasks properly.”

Czechoslovakia demanded extradition of hijackers who forced an airliner to fly to Frankfurt. Fassler Arafat, head of the Palestine Liberation Organisation, is to lead a Fatah delegation to Moscow.

Boris Khaikin, 73, Bolshoi Theatre conductor, has died.

Princess Margaret left hospital. Earlier it was confirmed that she had gastro-enteritis and mild hepatitis.

**CHIEF PRICE CHANGES**

(Prices in pence unless otherwise indicated)

		YESTERDAY
RISES		
Akroyd and Smithers	220	5
Averys	137	5
Barclays Bank	330	6
Breedon Cloud Lime	134	6
British Assante	170	8
Bycource	74	8
Burton A	124	8
Denton Latif	121	7
English Prop.	361	3
Globo	570	10
Guinness Peat	235	10
Hall (Matthew)	217	6
Hawker Siddeley	218	6
JH Higgs	684	4
Johnson-Richards	132	5
Lloyd's and Scottish	23	5
Lon. and European	94	5
Lucas Inds.	306	6
FALLS		
Gieves	107	5
Scot. and Univ. Inv.	97	6
Whitehouse (G.)	87	7
Woodhall Trust	88	4
Woolworth	140	5
Geevor	140	5

**LATEST FIGURES SUGGEST 15 PER CENT. ANNUAL RATE**

**Callaghan rules out vote of confidence over tax cut defeats**

BY MICHAEL BLANDEN

THE EXCESS growth of the money supply over the past financial year was even greater than has appeared so far, it was indicated yesterday by Bank of England figures.

The increase over the year to mid-April may have been more than 21 per cent, above the top end of the official target range of 9 to 13 per cent, growth, depending on the outcome of the final month.

The new figures are the result of extensive revisions to the month-by-month adjustments which are made by the Bank in an effort to iron out the impact of known and anticipated seasonal factors.

As a result, the growth of the sterling money stock on the wider definition (M3) is now put at 131 per cent, seasonally adjusted over the first 11 months of the financial year to mid-April.

Markets were also affected by a rise in the New York discount rate. Gold-edged securities saw rate falls, with the Financial Times Government securities index ending 0.04 down at a new level for the year of 70. The pound also slipped in late dealings to end 55 points down at \$1.8190. But its trade-weighted index was unchanged at 81.5.

This is one point higher than the previous estimate of 121 per cent, and equivalent to an annual growth rate of about 14 per cent.

Banking figures published earlier this week indicated that there was a further upsurge in the month to mid-April, the end of the year for the purposes of monetary policy. The rise in that month may have been as much as 2 per cent, or more, allowing for the effects of seasonal and other adjustment.

The new figures underline the problems of interpreting monthly money supply statistics, and provide a marked contrast with the optimism about monetary policy shown by Mr. Denis Healey, the Chancellor, at the time of the Budget last month.

He said then that while the growth of sterling M3 would exceed the 13 per cent ceiling for the year, it should be under 14 per cent. This target range has now been replaced by a new target of 8-12 per cent, growth for the current year, subject to revision on a six-month rolling basis.

The Bank identified two main reasons for this. First, the changes in arrangements for collecting corporation tax have affected the distribution of Government receipts between the first three months of the calendar year in a way which was difficult to estimate in advance.

Secondly, it has been possible to incorporate further information about Government spending and the effect of the timing of payment of rate support grants and housing subsidies.

Several officials described the still-unresolved Franco-Italian dispute over wine as “very nasty.” Ministers are under mounting pressure to settle quickly and this has not improved their tempers. There were reports of heated arguments and sarcastic exchanges as the talks progressed.

But an agreement fairly close to the Commission's set of compromise proposals, presented at the start of Wednesday night's session, is emerging.

In return, he has had to relax his demands for tight price controls.

European Parliament, Page 29

PARKES IN LONDON

on surplus commodities—possibly a high price for two politically attractive but economically less important victories.

The EEC Agriculture Ministers emerged tired and weary eyed from their 12-hour all-night negotiating session yesterday morning, having failed to settle Community farm prices for 1978-79, but determined to press on.

Mr. Silkin, appears to have achieved his prime target—permanent continuation of the Boards—and to have resisted attempts to impose a tight squeeze on the margin between prices for liquid milk and milk used to make dairy products, a condition which, he claimed, would either have producer incomes or boosted consumer prices substantially.

He appears to have been only partly successful, however, in attempting to reduce the monetary compensation amounts on pig meat, which subsidise imports from Denmark and Holland into Britain. These subsidies, around £28 a tonne on bacon will probably be cut to around £24—about half the reduction Mr. Silkin was seeking.

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## EUROPEAN NEWS

## French Bill aims to extend rights of shareholders

By DAVID CURRY

THE FRENCH Government's decision to introduce a Bill extending the rights of shareholders and improving the quality of company information is the first step in a general offensive to tackle the malaise in the corporate sector.

It will be followed in the next few weeks by a series of measures designed to encourage the movement of savings into equities by providing fiscal incentives for subscriptions to new share issues and encouraging companies to seek fresh capital from the public by introducing preference shares.

The other elements in the offensive include the eventual freezing of industrial prices, and the Government's determination not to bail out companies with deep-seated structural defects but to allow them to go into commercial bankruptcy.

The specific Bill to be introduced will be based on a measure drawn up two years ago. Although some details will be changed, the general lines are thought likely to remain the same.

As far as the Bourse watchdog authority, the COB, is concerned the main innovation will be the insistence on publication of consolidated accounts and of full half-yearly figures including profits. It estimates that about two-thirds of "eligible" companies publish consolidated accounts.

A further clause requires quoted companies to publish legally required information within four months of the end into shareholders.

## Dutch 3% growth forecast

By CHARLES BATCHELOR

AMSTERDAM, May 11.

HOLLAND WILL have to do more to stimulate its economy over the next four years than the already extensive measures it has announced if it hopes to achieve the planned cut in unemployment. The rate of economic growth in the next few years is expected to be about 3 per cent annually compared with previous assumptions of 3.75 per cent. Mr. G. van Aardenne, the Economics Minister, told Parliament last week that his Government has already bought "a certain number" of French anti-tank missiles.

Though there has been no confirmation of such a deal from the French side, French officials have stated that China was interested in buying military aircraft and armaments from France.

The investment plan now being discussed in Parliament aims to inject Fls.13bn (\$5.8bn.) into the economy over the next four years in the form of a 150,000 by 1981. This will replace the existing system of tax discounts.

## Chairman Hua will pay visit to France

By Robert Mauthner

PARIS, May 11.

HUA KUO-FENG, the Chinese leader, has accepted an invitation from President Giscard d'Estaing to pay an official visit to France at a date which has yet to be fixed, Chinese Vice-Premier Ku Mu said here today.

Shareholders would be able to organise more easily to present their own candidates for election to company Boards.

In particular, the Bill provides for the appointment by a tribunal of a special official to safeguard minority shareholders' rights. As well as minority shareholders, the public prosecutor, the COB and the company's work force could also apply for such a watching to be appointed at the company's expense.

Other clauses would restrict the length and number of mandates enjoyed by Board members. The term of a Board member would be reduced from six to four years and the number would be able to sit on a maximum of five, rather than eight.

Chairmen and senior directors of quoted companies would have to retire at the age of 65 except when they held the majority of the company's capital while the number of administrators over 70 years old would be limited to one-third of the supervisory or management board.

A controversial measure in the original legislation, which may or may not survive into the new draft, obliged senior directors to devote the part of their earnings from a company above Frs.180,000 a year to the purchase of company shares — a move designed to make managers more responsive to shareholders.

Mr. Ku Mu declined, however, to answer questions about reports that China had signed or was about to sign, contracts for the purchase of arms and aircraft from France.

A Hong Kong news report last week quoted Mr. Wu Hsin-Chuan, Deputy Chief of the Chinese General Staff, as saying that his Government had already bought "a certain number" of French anti-tank missiles.

Though there has been no confirmation of such a deal from the French side, French officials have stated that China was interested in buying military aircraft and armaments from France.

It is also no secret that the Chinese are shopping around for major industrial co-operation projects, particularly in the energy field. The development of Chinese nuclear, oil, coal and natural gas resources is reported here to be one of the top priorities of the Peking Government.

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This lower rate of growth will make it more difficult to reduce unemployment to a maximum of four years in the form of a 150,000 by 1981. This will replace the existing system of tax discounts.

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## EUROPEAN NEWS

IN THE WAKE OF MORO'S ASSASSINATION

## PM takes over Interior Ministry

BY DOMINICK J. COYLE

SIG. GIULIO ANDREOTTI, the Italian Prime Minister, to-night summoned, possibly followed by a self fully with the Andreotti personally took responsibility for full scale parliamentary debate on the security aspects surrounding the internal security pending agreement between the main political parties on the choice of a new Interior Minister. He had earlier accepted the resignation of Sig. Francesco Cossiga in the wake of the murder of Sig. Aldo Moro, the former Prime Minister, and failure so far of the security forces to track down his killer.

The Prime Minister's decision reflects an informal understanding between the main parties that a new appointment should await a major review of security.

The Minister, despite his personally to Sig. Andreotti, but

the contents of that letter have not yet been published.

The Minister has been under considerable personal pressure in recent months. The degree of personal security surrounding him in this period has been such that the office is not attractive to leading DC contenders of Cabinet rank. On the other hand, Sig. Cossiga was generally acceptable to the Communist Party's leadership. He is a cousin of the Communist secretary-general, Enrico Berlinguer, and both of them are natives of Sassari in Sardinia.

Sig. Andreotti is expected to have an early round of talks with the main party leaders to consider security.

Meanwhile, the terrorists are maintaining the momentum with signs that other extremist groups are exploiting the psychological warfare against the state further incident to day.

Sig. Mario Astarita, director of the Milan branch of the Chemical

Bank, was shot in the legs.

Reuter adds: Police found an abandoned Red Brigades hideout littered with documents, equipment and Albanian books in Turin today. They said a neighbour identified the tenant of the two-room flat as Cristoforo Piancone, who was wounded and captured in an attack on a prison guard last month.

Sig. Filippo Fiorello, head of the Turin police political office,

said the contents of the Red Brigades had "convincing us that this was the headquarters of the Turin column."

## IMF reviews Italy's economic progress

BY PAUL BETTS

MR. ALAN WHITTON, the European director of the International Monetary Fund (IMF), is reviewing progress here in the economic and monetary management of the Italian economy in the light of the letter of intent signed by last year when it made an IMF drawing for the equivalent of U.S.\$530m.

Mr. Whitton has so far seen Sig. Filippo Pandolfi, the new Treasury Minister, and Sig. Paolo Baffi, the Governor of the Bank of Italy, and is to hold talks with trade union leaders and Sig. Guido Carli, the chairman of the Italian national employers confederation.

The Italian Treasury Minister attending last week's IMF intergovernmental committee in Mexico City, indicated that Italy was seeking to negotiate a further reported U.S.\$15m. standby credit with the IMF.

No definite time is expected to be taken by the IMF on the Italian economy before the Fund's review team visits Rome next month.

Italy's overall debt repayment in terms of principal and interest in 1978, amount to \$U.S.5.5bn., with about \$U.S.1.25bn. already paid back this year.

In terms of foreign exchange reserves, which total \$U.S.750m.,

Italy has no immediate need for new international support. The expected destabilisation effect of the assassination of the former Prime Minister, Sig. Aldo Moro, has not shown on either the foreign exchange market on the Bourse.

There are tentative signs of a recovery in the country's industrial output. While official statistics show industrial production was below the levels of this time last year, output effectively increased by about 2 per cent.

During the first quarter of this year compared to the last quarter of 1977.

This improvement, however, is in part due to general restocking by industry and wholesalers.

## French protest to Denmark on Africa comment

By Our Own Correspondent

STRASBOURG, May 11. FRANCE TO-DAY protested to the Danish Government following Danish Foreign Minister K. B. Andersen's clear hint to the European Parliament yesterday that he felt French troops should be withdrawn from Africa. In Paris, the French Foreign Minister summoned the Danish Ambassador Mr. Paul Fischer, to explain Mr. Andersen's remarks.

Mr. Andersen, speaking here as the current Chairman of the EEC Council of Ministers, was replying to MP's questions on the situation in the Horn of Africa. He said all foreign troops should be withdrawn from the area, and indeed from Africa in general. He was then asked by a Left-wing Danish MP whether his remarks applied equally to the posting of troops from France, an EEC member state, in two African countries, Chad and Mauritania. Mr. Andersen replied clearly in the affirmative.

Falldin to stay.

Swedish Premier Thorbjörn Falldin, who was reported to be thinking of resigning over a 'libel suit', said yesterday he planned to stay in office. Reuters reports from Stockholm, Mr. Falldin said that after consulting his family, he decided to stay and fight for his beliefs.

## Irish growth forecast at 5.5% for this year

BY OUR OWN CORRESPONDENT

DUBLIN, May 11.

BOTH THE Irish Central Bank remarkable expansion in one of the country's leading volume of industrial exports last year . . . gives some indication of how the business community can positively influence the current balance of payments."

And the Bank is prepared to see private-sector credit increased by up to 20 per cent this year, even though it recognises a risk of a fall in official external reserves in such a policy.

The Central Bank in its annual report says it's somewhat lower forecast may reflect its view that growth would have moderated slightly in the absence of policy changes, that part of the fiscal stimulus in the last budget may not be felt until next year, and that the prospects for international growth and trade may be somewhat less favourable than earlier forecasts.

The management consultants, Coopers and Lybrand, Associates, say in their economic review that

the growth rate of 5.5 per cent still represents a moderate performance of historical standards.

But the Bank says that although this is not a departure from its general policy, it is not to be regarded as a regular and substantial source of Exchequer funds, and it expects the Government will not need to approach it for support next year.

The profit of the Bank for 1977 was £36.7m., an increase of £4.8m. on the previous year.

Official external reserves

amounted to just over £1,200m. at the end of 1977, an increase of about £500m. on the previous year.

The Bank echoes the current Government emphasis on the private sector, saying that "the

Financial Times, published daily except Saturday and Sunday. U.S. subscription \$20.00 per year. Second class postage paid at New York, N.Y.

## Judge appointed for trial of Orlov

By David Satter

MOSCOW, May 11.

A JUDGE has been named in the case of Dr. Yuri Orlov, leader of the dissident group which sought to monitor Soviet observance of the Helsinki accords, and his trial on charges of anti-Soviet agitation may begin as early as next week.

And the Bank is prepared to see private-sector credit increased by up to 20 per cent this year, even though it recognises a risk of a fall in official external reserves in such a policy.

Dealing with the Government's borrowing requirement of £331m., the Bank says it agreed to provide up to £100m. to the Exchequer to minimise foreign borrowings, provided the total borrowing requirement and current budget deficit is not greater than currently envisaged.

But the Bank says that although this is not a departure from its general policy, it is not to be regarded as a regular and substantial source of Exchequer funds, and it expects the Government will not need to approach it for support next year.

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Employed and Director's Pension Plans on the premise that the individual comes first. Freedom of choice is a key factor in both these contracts, allowing investors real flexibility about the way they invest and subsequently draw their benefits.

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## Bundesbank criticised over money supply rise

## Acceptance of Berlin pact reaffirmed by Schmidt

BY JONATHAN CARR

BERLIN, May 11.

BONN, May 11.

THE BUNDESBANK comes in for blunt criticism over its handling of the increase in money supply in a report issued to-day by one of West Germany's leading independent economic voices, the Munich-based IFO Research Institute.

In recent months, according to IFO, the West German Central Bank has pursued contradictory goals and thereby endangered each of them.

Meanwhile, the terrorists are maintaining the momentum with signs that other extremist groups are exploiting the psychological warfare against the state further incident to day.

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Bank, was shot in the legs.

Reuter adds: Police found an abandoned Red Brigades hideout littered with documents, equipment and Albanian books in Turin today. They said a neighbour identified the tenant of the two-room flat as Cristoforo Piancone, who was wounded and captured in an attack on a prison guard last month.

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The Bundesbank has done this, the IFO report suggests, partly to ensure plentiful and cheap domestic credit, but also in the hope of encouraging capital outflows. The danger which the report sees, however, is that the Central Bank would be at a high cost to its own credibility by letting the monetary aggregates increase too rapidly.

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Indeed, the report warns that at this point a braking manoeuvre, such as increasing minimum reserve levels, would be fatal. If the purpose were to slow down more strongly a money supply that has already begun to flatten out.

"This would create still more uncertainty for banks, companies and private borrowers in making long-term plans, than is already the case thanks to the dollar crisis and monetary inflows."

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The IFO study further warns the Bundesbank against the consequences of foreign exchange market interventions.

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## AMERICAN NEWS

## Carter limit on wage rises Tied vote on Mideast fighters sale rejected by AFL-CIO

BY DAVID BELL

THE ANTI-INFLATION programme of the Carter Administration has suffered a setback at the hands of the U.S. labour movement, leaders of which refused yesterday to support the President's 5.5 per cent target for wage increases.

Mr. George Meany—the head of the AFL-CIO, which represents most trade unions in the U.S.—said after the organisation's council had met Mr. Carter that he would have nothing to do with any target figure. Mr. Carter has already limited wage increases for federal workers to 5.5 per cent, and has called on the labour movement as a whole to accept this figure.

At a news conference, Mr. Meany, who has made no secret of his dissatisfaction with the Administration, insisted that the first quarter of this year, meeting.

AFL-CIO accepts the "heart of which included the coal miners' demand that, until prices stopped wage increases of 9.9 per cent, rising so quickly, unions could and hourly wage rates are now not be expected to embrace many about 8 per cent above the level particular target, the more so of that of a year ago. However, because most trade union wage with the rate of inflation close to contracts last for three years, about 7 per cent, according to the latest figures, this has not been translated into a significant increase in purchasing power.

When Mr. Robert Strauss, the special trade representative, who is heading the anti-inflation drive, announced his first "targets" last month, he singled out the postal workers and the Teamsters union. Negotiations are still going on and the Teamsters union, which is not a member of the AFL-CIO, was absent yesterday. At least one other non-AFL-CIO union was represented at the meeting.

Mr. Carter left the meeting with the AFL-CIO before the end, and was reported to have been annoyed by Mr. Meany's attitude which did nothing to help the anti-inflation programme, such as it is. Mr. Meany noted that business leaders had agreed, when meeting the president, to co-operate in holding down prices, but added that the head of General Motors, who was at the meeting, "went right back to the AFL-CIO was absent yesterday. At least one other non-AFL-CIO union was represented at the meeting.

## House passes Budget resolution

The House of Representatives has passed a resolution limiting the Federal budget for the next fiscal year to \$500.8bn. with \$57.5bn. deficit. Reuters reports. President Carter has proposed a budget of \$49.6bn. with a deficit of \$60bn. for the 1979 fiscal year, which begins on October 1, 1978. The House budget committee earlier cut \$200m. in defence funds from the request.

The House and Senate must agree on a resolution by May 15 setting spending ceilings for Government programmes. The Senate approved a budget of \$498.6bn. with a deficit of \$55.6bn.

## Jamaica S move

Foreign exchange markets in Jamaica have re-opened, following the fourth devaluation of the Jamaican dollar in 13 months, the Bank of Jamaica said.

## U.S. oil production

U.S. crude-oil production has topped 1m. barrels a day (1.61) for the first time in more than four years, AP-DJ reports from New York. The American Petroleum Institute estimates that production in May should average slightly more than 9m. b.d. Domestic oil production had been expected to rebound as Alaskan North Slope oil began moving through the Trans-Alaska pipeline. The line opened in mid-1977, but flow has increased to nearly 1.2m. b.d. the line's capacity, only recently.

## LDC growth 'depends on commercial bank loans'

BY OUR OWN CORRESPONDENT WASHINGTON, May 11.

DEVELOPING nations will have relied increasingly on loans from commercial banks, if their economies are to continue to expand at the present rate, Mr. Robert McNamara, President of the World Bank, told reporters last night.

Mr. McNamara said that the bank group would be expanding its own lending at about 5 per cent, a year in real terms over the next few years, and would be lending some \$85bn. in the fiscal year beginning July. But less-developed countries (LDCs) in particular were growing more quickly than this, and would have to borrow from commercial banks, as well as international agencies, if they were to keep up this growth rate.

Noting that the bank expects to make as much as \$235m. in profit in the current year, Mr. McNamara was sharply critical of the attempt by the Carter Administration to cut the salaries of employees at the World Bank and the International Monetary Fund. Salaries were designed to attract the best possible employees, he said, and attempts to compare them to those paid by the U.S. Government were misleading.

U.S. Government salaries were now out of line with comparable figures elsewhere in the U.S., he said, which meant that the best talent was not being attracted to the federal civil service. He was

determined that this should not happen to the bank and the IMF. Mr. McNamara also underlined the fact that it is very much in the interest of the U.S. that the two organisations should be supported. The developing world was an almost limitless market for the U.S. and only if help were provided to assist further growth, could these markets and dissatisfaction since the Labour Government published its Place of Strike proposal in 1968.

In the U.S., neither side of industry has questioned the principle of legal industrialisation in recent years. The current political struggle stems from labour's unhappiness with the way in which the initial legislation, the Wagner Act of 1935, has been amended, principally by the Taft-Hartley Act of 1947, to tilt the balance of advantage somewhat in the direction of employers who might be anxious to thwart union efforts to organise their workers.

Since business is doggedly fighting to maintain the status quo, and labour to change it, great importance attaches to Bill number S2097, a version of

which has already cleared the House of Representatives by a large majority. Not least among the issues at stake is the Carter Administration's reputation for securing its legislative goals, a reputation which looks a little brighter following the ratification of the Panama Canal treaties, but which is still tar-

nished by failures with energy

by none too ambiguous threats of withdrawal support from congressional who do not support the legislation.

In his commendation to Congress last year, the President urged passage of the Bill as a step "to protect the rights of labour and management by strengthening . . . sanctions against those who break the law." This view met howls of rejection from business. Committees against anti-labour law reform have sprung up, with the National Association of Manufacturers in the opposition vanguard. Their lobbying efforts have not gone unnoticed. Mr. Ray Marshall, the Labour Secretary, told union leaders at the breakfast meeting that Senator had been bombarded with more mail about the Bill than had been received before the Panama Canal treaty votes. He observed that then that the Bill had been grossly distorted by business, a complaint heartily endorsed by the AFL-CIO which has not pulled its punches. More than \$1m. has been spent by labour in a national campaign for the legislation. It has been backed

by none too ambiguous threats of withdrawal support from congressional who do not support the legislation.

In the intervening period, employers can bring a variety of pressures to bear on their workers to reject the union, measures which range from victimisation for union membership. Many of those taking part in the victim's right have won cases alleging dismissal for union activities in delivering speeches and issuing messages against the union.

Under the reform bill, unfair dismissal, once established, could result in an employer liable to pay

16 times back pay. He could also be subjected to an injunction forcing him to re-employ the dismissed workers. An employer found through the judicial process to be a willful violator of labour law could under the reform bill be liable to derisory penalties only.

The reform bill would for the first time set a time limit within which union representation elections must be held once a union had secured the requisite number of supporters in an enterprise. In extreme cases, employers subsequently found guilty of refusing to negotiate with workers, in this case civil servants, could be empowered to impose

a wage settlement on the company.

Although the number of complaints of unfair labour practices lodged with the board (whose membership would be raised from five to seven to deal better with its work load) has doubled between 1965 and 1975, the conclusion should not necessarily be drawn that American employers are waging a daily and generally illegal battle against unionisation.

The National Association of Manufacturers says that in 1975 only 0.5 of the elections granted by the NLRB were delayed for a median time of 215 days. The employers say that the reform legislation could cause serious difficulties for small businesses which would not be able to react to election petitions within the limited time allowed, that it would damage co-operation between management and workers, and that in essence it is yet another "power grab" by big labour.

It is unlikely that anti-union employers can fully account for the unions' inability to boost their membership. As important, so many believe, is the fact that since the war American unions have been incompetent in their recruiting and organising.

Those unions which have made big strides, such as the state and county employees, have done so in captive areas where the employer virtually delivers the workers, in this case civil ser-

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# The Peugeot 604 TI- A Thoroughbred



The Peugeot 604 TI and the racehorse have many things in common. Poise, dignity and immaculate breeding are some of them. Speed, power and style are others.

But, whilst only the privileged few can afford to own a racehorse, the well-priced 604 TI is in reach of many. Unlike the racehorse which is rather a delicate creature, the car is tough and reliable as well as elegant. Tough and reliable because it's designed that way. For as befits a thoroughbred, only the best is good enough; highly skilled designers and engineers, first class materials, and the most advanced manufacturing technology all combine to produce this true thoroughbred.

The oversquare 2.7 litre V6 engine is built from lightweight aluminium, and has twin camshafts for maximum flexibility. The benefit of using lightweight materials is reflected in the excellent fuel consumption figures (33 mpg at a constant 56 mph\*). Technically it's at the head of the field taking full advantage of the latest developments. The Bosch K-Jetronic fuel injection system accurately meters the fuel/air mixture to increase power and reduce

petrol consumption. The electronic ignition system ensures super smooth starting, and the 5-speed manual gearbox means even smoother, quieter, more economical driving, especially at high speeds. Or, for those who prefer, there's the option of a 3-speed automatic gearbox.

Comfort is naturally of the highest level and the specification of the 604 TI leaves little to be desired; 4 electrically operated windows, subtly tinted glass all round, electrically operated sunroof, power assisted steering, centralised pneumatic door locking system, rear fog lamps and a super deep lustre metallic paint finish to the body with a final coat of clear protective lacquer. The interior is as luxurious as you'd expect and where the 604 really scores is in its spaciousness. As Car magazine said, "rear leg room is almost to limousine standards."

The 604 SL (carburettor model) has always been competitively priced. The 604 TI, with fuel injection and other refinements, represents, at £7582, a first class investment.

And the 604 thoroughbred won't cost you a fortune to run. It's frugal with petrol as we've

shown, but in addition it requires main servicing only once a year, or 10,000 miles (with intermediate check and oil change every 6 months or 5,000 miles). The 604 TI is also covered by Peugeot's straightforward 12 month, unlimited mileage guarantee, and first-class service is assured by our network of fully trained Dealers across the U.K.

Let us tell you more about our thoroughbred—send now for details on the 604.

Model	Manual 5-speed gearbox			Automatic gearbox			
	Fuel Consumption*	Constant 56 mph	Constant 73 mph	Simulated urban driving	Constant 56 mph	Constant 73 mph	Simulated urban driving
	33.2 mpg (9.5 l/100 km)	26.1 mpg (10.8 l/100 km)	16.8 mpg (16.8 l/100 km)	27.4 mpg (10.2 l/100 km)	22.4 mpg (12.6 l/100 km)	16.7 mpg (16.7 l/100 km)	
Price Inc. VAT & Car Tax Delivery & No. Plans Extra	£7582.60	£7522.28	£7037.34	£6921.82	£6778.27		

\*In accordance with official government testing procedures.  
Prices correct at time of going to press.  
Clothes by Ted Lapidus.

Peugeot Automobiles (UK) Ltd.  
Peugeot House, 333 Western Avenue,  
London W3 0RS. Tel: 01-993 2331.



World famous for strength

## 604, the best Peugeot in the world.



## WORLD TRADE NEWS

## Leyland S. Africa cars division takeover likely

BY QUENTIN PEEL

EARLY AGREEMENT is expected between Leyland South Africa, British Leyland's wholly-owned subsidiary here, and another South African motor manufacturer on the takeover of Leyland's car division.

Mr. Peter Murrin, managing director of the South African operator, says negotiations are advanced with at least three other manufacturers for rationalisation of Leyland's manufacturing divisions. Agreement in principle might be reached within three months.

His statement follows the announcement in the British Leyland annual report that £17.1m. has been set aside as an extraordinary item to cover possible losses resulting from discontinuing car manufacture in South Africa. The more profitable lorry and bus division here is not expected to be affected.

Mr. Murrin said the proposal had been made to cater for the "worst possible view: the complete closure of Leyland's car plant at Bleaheath in the Cape. "The provision is a value of current and fixed assets," he said. "It is simply a shrewd accounting."

The company most frequently mentioned in connection with Leyland's rationalisation plans is Sigma, which manufactures Chrysler, Mazda and Mitsubishi vehicles and in which the Anglo-American Corporation has a 75 per cent stake. They agree they are talking.

However, there remain several possible forms of rationalisation. One company might simply take over the entire car division and move manufacture and assembly to its plant. Otherwise, a company might negotiate a franchise to manufacture the Leyland range, or part of it.

## Japan imports rise

The number of cars imported into Japan is beginning to climb more rapidly, according to figures from the Japan Automobile Importers' Association. Terry Dodsorth writes. Last month they rose 25 per cent to 4,257 vehicles.

Although the company has not yet expected to be affected.

The company has performed poorly in an ailing passenger car market. Last year it had some 600 car sales a month, although 600 car sales a month.

Although the company has no independent profit figures, the South African motor industry as a whole is estimated to have lost some R50m. (£21m.).

However, the company has just spent R15m. (£9.4m.) retooling for the new Rover 3500, and Mr. Murrin says the order book is a third higher than distributors.

BY LORNE BARLING

## More U.K. overseas orders expected

MORE THAN a third of British companies in a recent survey on exports believe that their volume of sales abroad will greatly increase over the next two years, although that may be tempered by exchange rate movements.

The survey, by Industrial Market Research, covers 280 British industrial companies. It shows that although most have back on export activity,

The report also warns that British industrial companies, it may be questionable because much of its basis

is in future available to overseas markets, that it will become

more difficult to compete in the world market.

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## Computer company link with Japan

By Max Wilkinson

AGREEMENT WITH Hitachi of Japan, for exchange of technical information was announced yesterday by International Computers.

The agreement has been put into effect with the visit this week of five of Hitachi's development engineers to the company's plants at Manchester, Stevenage and Letchworth.

Hitachi's computer development is linked closely with that of Fujitsu, the largest Japanese computer company, which in turn has signed an exchange agreement with Siemens of West Germany.

The link between Hitachi and International Computers is by no means as close as that between Siemens and Fujitsu. Unlike Siemens, the U.K. company will not be marketing Japanese computers in Europe, nor will it be exchanging products or production know-how under this agreement.

International sees the agreement as confined to exchange of general information about research and development rather than detailed co-operation on development projects.

Close technical links between the two companies could prove difficult in any case because Hitachi's computers work on the same principle as those of International Business Machines, while International's employ a different and incompatible internal system.

### Freight carriers form group

By Our Industrial Staff

SEVEN European companies have formed a trade association in an attempt to avoid overcapacity and low freight rates in the container transport industry.

The plan is for members to regulate capacity and prices and provide industry with a door-to-door (interntions) container delivery service.

The International Through Transport Operators Group said last night that this was in line with policy in the European Community.

## Recovery in car output goes on

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

CAR production kept up its strong recovery last month. It is running at a rate which will lift output by 100,000 units compared with 1977 if it is maintained for the rest of the year.

At the same time, commercial vehicle output strengthened and looked likely to come out comfortably above the 398,000 units produced last year.

The figures, published yesterday by the Industry Department, show that recorded car production last month was the best for a four-week period since May of last year. At that time, output was particularly good because British Leyland was recovering from the long tonmakers' strike, while preparing for the summer holidays when production always tends to go up.

Last month 119,000 units were produced, compared with 111,000 in January, and an average monthly figure of 109,000 last year.

The seasonally adjusted total fell slightly compared with last

month, when the industry had an exceptionally good spell and side output promises to break through the 400,000-a-year barrier once again, although not to figure for well over a year.

Last month the seasonally adjusted total came out at which was reached between 1969 and 1971.

Last month, recorded truck production was 34,900 units, compared with 31,100 in January.

Seasonally adjusted, the total was 38,200 vehicles. The industry has improved its output by 8 per cent. in the last three months, compared with the previous quarter.

If this performance continues, the industry could produce between 1,42m. and 1,46m. cars this year, compared with 1,31m. last year, and 1,38m. in 1976.

The recovery falls far short of the best years at the beginning of this decade. The industry achieved its record output of 1,92m. in 1972, and recorded a fear of demand may fall suddenly in the latter part of the year, compared to the low point year and once again precipitate redundancies.

But, this increase is being controlled carefully because of the fear that demand may fall suddenly in the latter part of the year, compared to the low point year and once again precipitate redundancies.

It indicates that, once the restrictions begin to bite, Japanese car sales in the U.K. will have to fall from the high levels they have achieved in the first few months of the year. Up to the end of April they had gone up to 70,000 units from 42,000 in 1977.

The two leading Japanese car importers, Datsun and Toyota, have already said that their shipments will be reduced this year to 80 per cent. of last year's total.

There have been some protests recently from MPs claiming that the Japanese are not fulfilling the terms of the deal and tightening up on shipments.

Importers point out that they are free to bring in the cars they are allocated for the year whenever they wish. Most of them would like to import them as soon as possible because of the danger of a further slide in sterling.

"I could not recommend my company to apply under these conditions," he said. "I think we can do better elsewhere. If the time comes when we can't, we'll be back, but at the moment there are other countries where the licence terms are more attractive. Remember that the acreage the U.K. now has to offer the south-western approaches, or in areas which have been

Moreover, six months' notice of BNOC's intention to exercise these options, as provided in the proposals, was too short for any company involved in long-term crude oil contracts.

The definition of the price at which these transactions should take place was "up in the air," Mr. Savage added. He noted that they would be at market price.

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Both the managers interviewed acknowledged that the terms announced were proposals only and felt that they would be modified after consultations with the industry.

Editorial comment Page 22

about the other "biddable" items, referred to as "identifiable."

Mr. Savage, under which described the options provisions, BNOC could be given an option in particular, as "very objective to purchase a portion of the titleable."

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"Up to now, the effort in Britain has encouraged the industry to invest in the North Sea, and the success has proved the value of having a large number of companies involved, with a variety of ideas. We have often

in the past cited Britain as providing a good example of a well-managed exploration programme."

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Editorial comment Page 22

## Colt imports cut by 1,000

By Terry Dodsworth

COLT, the importer of the Japanese range of Mitsubishi cars in Britain, has had its quota of shipments from Japan cut from 9,200 in 1977 to 8,200 this year.

The car, based on Leyland Mini mechanicals, won a Design Council commendation yesterday for its fundamental dedication to the special requirements of the disabled driver.

It allows disabled drivers to enter in a wheelchair from the side-mounted seats at the back.

The driver can take over the controls of the car without moving the wheelchair.

GKN Sankey, the Telford-based subsidiary of the GKN of the slack created by the group, is planning to start production of a newly-designed four-wheel car for the disabled in spring next year.

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## GKN to launch four-wheel car for disabled

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

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GKN Sankey already has some expertise in vehicle building for its A1105 armoured personnel carrier. It also makes the sub-form for the Mini, which will be used in the invalid car, along with bought-in fibreglass panels.

Mr. Wood believes that the basic market for the vehicle will come from the type of disabled person who formerly bought the now discontinued three-wheeler.

There is reckoned to be a yearly market for about 3,000 of these vehicles in Britain, but some sales may be siphoned off in future into the modified versions of standard cars which are now being introduced for the disabled.

One of the key elements in making the Sankey vehicle viable will be to get the support of Motability, the Government-sponsored agency which negotiates with the manufacturers to make it easier for the disabled to get the best deal for their four-wheel petrol-driven car. Motability will be examining the new GKN vehicle next week.

Because it is so closely linked with the Leyland Mini, the plan is for Leyland to distribute and Sankey's diversification strategy.

This means that there is likely to be demand for all this finance.

The loan programme has also been stepped up. The commission has increased the revolving loan fund of the Council for Small Industries in Rural Areas to £1.5m. to £2.5m.

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# Ford Fiesta wins award for reducing your motoring costs!

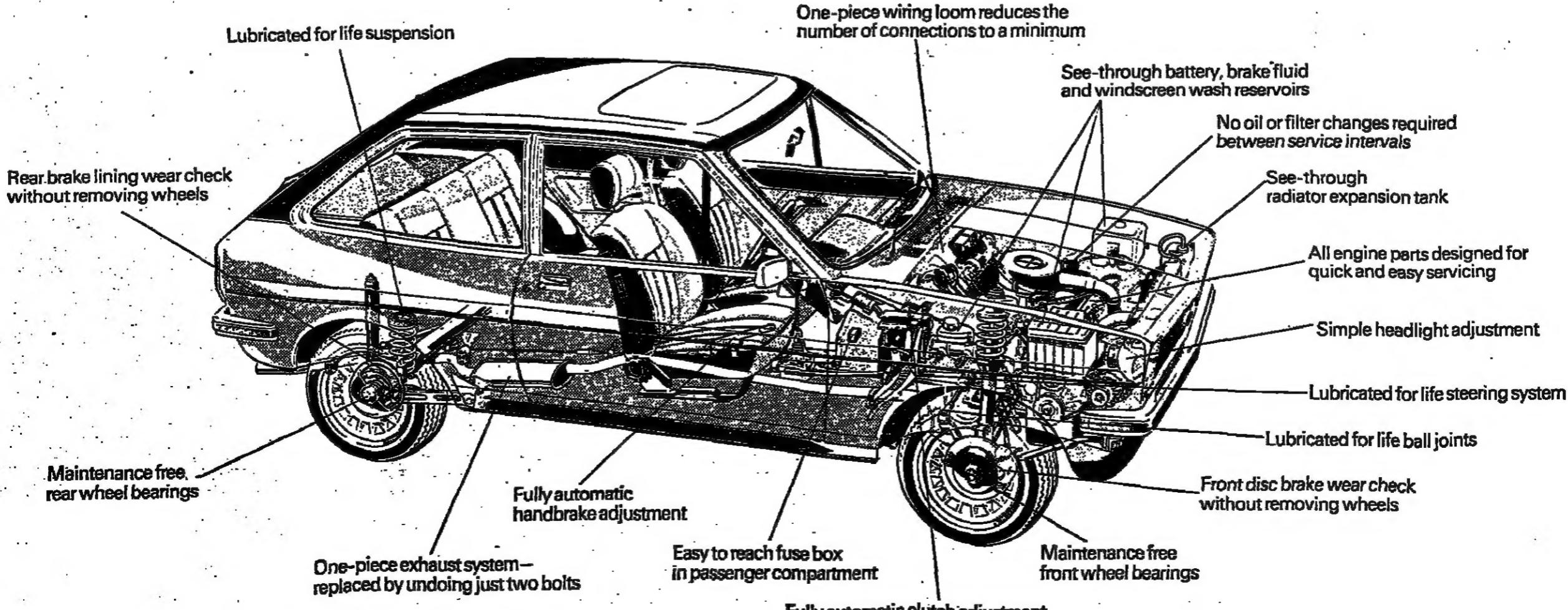
## Design Council Award 1978

### Design Council Citation

“ The Ford Fiesta was given a Design Council Award because the design embraced, as a matter of policy, a detailed and calculated attempt to reduce the maintenance and repair costs of the small family car. For the first time a design team has put cost of ownership and ease of maintenance high on its list of priorities instead of much lower as has so often been the case in the past two decades or more. This “ab initio” approach has set the pace amongst competitive manufacturers both

in the UK and abroad. Indeed, evidence of the past year has indicated that other manufacturers are following the example. Furthermore, the judging panel could not find any characteristics of the complete “package” which did not meet the overall criteria necessary for a Design Council Award. The judges considered the design philosophy of the Ford Fiesta to be a significant and praiseworthy contribution towards the requirements of contemporary car manufacture and ownership. ”

### Judge for yourself—test drive the Ford Fiesta today



**FORD FIESTA**







## LABOUR NEWS

## Chapple warns on need to amalgamate

BY NICK GARNETT, LABOUR STAFF

MR. FRANK CHAPPLE, general secretary of the 50,000-strong Electrical and Plumbing Trades Union, which is in merger talks with the Engineering Union, said yesterday that the EPTU would probably not survive unless it amalgamated with a larger union.

A whole range of middle-sized unions like the electricians faced the same fate—extinction in the face of an expanding Transport and General Workers Union which, he said, had become far too dominant within the TUC.

The only way the 2m-strong transport workers could be prevented from consuming these unions, said Mr. Chapple, was the formation of a new powerful trade union block.

The electricians had had three meetings with leaders of the Amalgamated Union of Engineering Workers engineering section over the past year; today the engineering section's executive will meet in Worthing to review the terms.

Mr. Chapple said he would do all he could to foster such an arrangement, "provided the terms were suitable, would be of great benefit to the membership of both unions."

He is expected to speak on amalgamation in his address to the union's engineering delegates in Scarborough today.

Mr. Chapple disclosed that the EPTU has had tentative merger talks not only with the Union of Construction, Allied Trades and Technicians, and the Boilermakers, but also the Sheet Metal Workers. The response of the 1.4m member AUEW had not been very positive, he said.

Proposals for the big merger are fraught with difficulties. These are that the engineering section elects all full-time officials while the electricians appoint theirs; that the EPTU is suggesting the engineers should

abolish their district committees, and that there is still some disagreement about the size of the merger union's policy-making conference.

Mr. Hugh Scanlon, the outgoing president of the AUEW, said last week that there was "a cat in hell's chance" of amalgamation unless the engineers were ready to make concessions on their system of electing officials.

Mr. Chapple said yesterday that although he was not especially confident of a merger, some difficulties, including election or non-election of officers were not particularly important.

The bulk of the Right and Left in the engineers almost certainly favour amalgamation with the electricians but the Left is taking a harder line on the terms.

Leyland starts parity money payments

A BOLT 80,000 Leyland car workers will receive payments of between £30 and £30 early next month as the first stage in the move towards parity of earnings—the same wage for the same job, regardless of location.

Negotiations are continuing to draw up a five-grade pay structure with the aim of achieving parity by November next year.

The unofficial committee claiming to represent 4,000 Leyland workers still is pressing for one-day negotiations. A one-day strike has been called for June 12 when a meeting will be held at Birmingham town hall.

## Reckitt and Colman rise

A PAY RISE of 23.30 per cent. said that rises of £300 a year had been won by medical representatives working for Reckitt and Colman pharmaceutical division.

The Association of Scientific, Technical and Managerial Staffs

paid that rises of £300 a year had been won by medical representatives working for Reckitt and Colman pharmaceutical division.

## Windscale report to-day

AN OFFICIAL of the Nuclear Installations Inspectorate will today report on radiation levels at the Windscale nuclear site in Cumbria, where 50 construction men have stopped work.

British Nuclear Fuels, which runs Windscale, said yesterday it has been on a regular visit to the site, spoke to shop stewards who was satisfied that although there was a detectable level of radioactivity yesterday.

The site was safe. It said the inspector would almost certainly support that view.

The men, working for Eden Construction of Carlisle, downed tools complaining of contaminated soil. The inspector, who runs Windscale, said yesterday it has been on a regular visit to the site, spoke to shop stewards who was satisfied that although there was a detectable level of radioactivity yesterday.

## Seamen to seek 200%

THE NATIONAL UNION of Seafarers agreed yesterday to try for a 200 per cent. increase in basic pay by the time of the union's next conference in 1980. Delegates at Aberdeen carried an amendment to the union's policy document to seek a £3 an hour increase for seafarers.

The present basic rate is just that it was "realistic."

over £1 an hour, with an average working week of 64 hours and average pay of £97 to £98. The policy document had pledged to seek a flat rate of £2 an hour.

Delegates at Aberdeen carried an amendment to the union's policy document to seek a £3 an hour increase for seafarers.

The hearing continues to-day.



Bilston Steel workers demonstrate outside British Steel headquarters in London yesterday as union leaders and BSC management discuss a closure threat.

## Civil Service unions likely to reject participation offer

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions have been offered a first step towards industrial democracy. However, they seem set to reject the proposal because it does not go far enough to meet their demand for consultation, particularly on the cash limits regime which they see as a tight control over their pay.

The Civil Service Department has told the National Staff side of the Civil Service Whitley Council that it is ready to set up a working party in answer to staff side proposals, tabled 18 months ago, for increased union participation.

Union leaders, however, want some indication of the Government's response to the idea of greater industrial democracy before they will join a working party.

The staff side has three main aims. They want more consultation, particularly before cash limits are set. Cash limits put

a ceiling on the amount of money available for the service, and can cut across recommendations of the Pay Research Unit, which determines Civil Service pay by comparison with private industry.

They also want more scope for arbitration in areas where it does not yet apply. Problems of pay, hours and leave can be taken to arbitration but staffing levels, which may have to be revised to deal with problems such as taxation changes cannot.

The third aim is for a disputes procedure which would bridge the gap between administrative action, the management implementation of a decision, and industrial action by the unions in response to that decision.

Mr. Ken Thomas, general secretary of the largest Civil Service union, the Civil and Public Services Association, said yesterday that the staff side proposals

were "very modest and not revolutionary." He said they would go far in improving industrial relations in the service.

He warned, however, that if no action was taken by the Government at its staff side proposals then at its conference next year the union would be likely to call for an end to the Whitley system as the mainstay of Civil Service industrial relations.

At the union's conference in Brighton yesterday, delegations considered the national executive's proposal for spending £20,000 on a referendum on postal voting for elections last year, which was followed by a union rules revision conference to decide the issue.

The conference also censured the executive for what was called a "trade union knees-up" at the 1977 TUC Congress in Blackpool. The union held a party at a hotel in the town to celebrate Mr. Thomas's election to the TUC general council.

## Anger over £1,000 for firemen

BY CHRISTIAN TYLER, LABOUR EDITOR

LEADERS of a senior civil service union will face anger Civil Servants. The pay has been defended by union officials on the grounds that civil servants giving £1,000 to the Fire Brigades Union when it went on strike against the Government's pay the same position as the firemen.

The row has been simmering in the columns of the journal of in Eastbourne. Most say that the

executive should have consulted members before making such a donation. One branch of members working for the Navy says the union's 25 executive members should pay the £1,000 out of their pockets unless they can show under which rule they acted.

Others say that the payment was unjustified because the institution supported the incomes policy at a time when the firemen were trying to break it.

The union's support for incomes policy could be much more guarded after next week.

The national executive has put down a resolution to oppose wage restraint which does not affect public and private sectors equally.

## Textile workers agree to 9½%

UNIONS and employers in the Lancashire textile industry are to stay inside phase three limits in a pay agreement covering 35,000 spinning and weaving workers following Government refusal to sanction a concession.

An agreement had been reached giving a 10 per cent. increase

## Joint bid to revive U.K. steel

By Pauline Clark, Labour Staff

UNION leaders and the British Steel Corporation agreed yesterday to set up a special committee of senior representatives from both sides in an attempt to get closer co-operation on efforts to revive the loss-making industry.

The joint planning subcommittee will have its first meeting on May 22 and is described as having wide terms of reference not only associated with closure plans.

Members on the management side will include Mr. Bob Scholey, chief executive of British Steel and Dr. David Grieves, managing director of personnel, while the five major trade unions in the industry will be represented headed by Mr. Bill Sims, general secretary of the Iron and Steel Trades Confederation.

The three nationalised corporations—British Aerospace, British Airways and Rolls-Royce—had instead of collaborating in the interests of Britain behaved like "rival grocers in the High Street."

If British Aerospace did not get the BAC One-Eleven order from British Airways, production would stop and technology would be lost.

British Aerospace and the Government are being lobbied by U.S. and European interests to become involved in the development of the next generation of passenger jets.

The National Enterprise Board, of which Mr. Scanlon is a member, feels that co-operation with Boeing on its 737 project—with its potential for Rolls-Royce engine sales—would produce the most jobs for Britain.

Later yesterday the AUEW

## Buy British aircraft call by engineers

BY ALAN PIKE, LABOUR CORRESPONDENT

MR. HUGH SCANLON yesterday failed in a bid to keep his union's options open on the future of the British aerospace industry which delegates to the role of a jobbing contractor.

Delegates to the Amalgamated Union of Engineering Workers conference in Worthing unanimously disregarded their president's appeal and adopted a resolution insisting that British Aerospace should compete in engine sales throughout the world without giving in to pressure on British Aerospace.

Mr. Gill, who is chairman of the Confederation of Shipbuilding and Engineering Unions aerospace committee, believed that Rolls-Royce could compete in the market without giving in to pressure on British Aerospace.

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Delegates made their decision after Mr. Ken Gill, general secretary of TASS, the AUEW's white-collar staff section, had taken a different line to Mr. Scanlon.

Mr. Gill said that the issue must be decided not only on the basis of jobs now, but jobs for the future. Britain was not only a substantial aircraft customer but also the most substantial competitor to the U.S. in a shrinking field.

The Act came into force in December and trade unionists fear that the new criminal offences relating to trespass will be used against workers occupying factories.

## Union official questioned about events before Tether dismissal

A NATIONAL Union of Journalists' official conceded at a London Industrial Tribunal hearing yesterday that there could have been a misunderstanding over whether or not he told a union representative at the Financial Times, Mr. Mark van de Weyer, to put a brake on moves to dismiss columnist Mr. G. Gordon Tether.

Mr. Tether has complained to the union about the conduct of his case by Mr. Mark van de Weyer, father of the NUJ's chief editor, before Mr. Tether's eventual dismissal.

Mr. Tether is asking the tribunal to say that he was unfairly dismissed following a dispute with Mr. Fred Fisher, editor of the Financial Times, over Mr. Fisher's control of the Lombard column, which was written by Mr. Tether for 21 years.

Mr. Tether, 64, was dismissed 18 months ago, and now seeks reinstatement.

Mr. van de Weyer has said that union organiser Mr. Robert Norris did not ask him to check Mr. Tether's pay.

Mr. Norris has said he did ask him to check Mr. Tether's pay.

Mr. Thomas Morison, counsel for the Financial Times, asked Mr. Norris yesterday whether, because Mr. van de Weyer had had a complaint made against him by Mr. Tether, he was unwilling to express any view about Mr. van de Weyer's conduct over Mr. Tether's dismissal.

Mr. Norris replied that that was correct, he did feel in difficulty.

Mr. Morison commented that it was highly unsatisfactory that

an applicant, by behaving in this way, could prevent cross-examination of a witness.

Mr. Morison asked Mr. Norris if he would be prepared to concede that there was the possibility of room for misunderstanding between himself and Mr. van de Weyer.

Mr. Norris replied that it would be less than fair if he did not concede that Mr. van de Weyer had another.

Mr. Morison asked Mr. Norris whether it was agreed between him and Mr. van de Weyer that Mr. Tether's refusal to meet the editor, in accordance with the findings of the NPA-NUJ disputes Committee, created an awkward situation.

Mr. Morison said it was a question of degree. He had maintained to the disputes committee that it was reasonable for Mr. Tether to take the view he had.

Mr. Morison said he had told the committee Mr. Tether was acting reasonably in not accepting an obligation to consult the editor about his column.

Consultation, as proposed by Mr. Fisher, was not really consultation in the true sense of the word. Consultation meant at least the possibility of a meeting of minds. He did not feel that the atmosphere at the time provided for consultation in a real sense.

Questioned by Mr. William Wells QC, Mr. Morison said that before the disputes procedure was invoked, the union challenged the manner in which the editor exercised his prerogative.

They said that Mr. Tether was highly unsatisfactory that

the hearing continues to-day.

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## PARLIAMENT AND POLITICS

## Varley looks for major recovery in BSC results

BY IVOR OWEN, PARLIAMENTARY STAFF

THE British Steel Corporation estimate of a £400m. loss in 1978-1979, although an improvement on the previous year's performance, is "still unacceptable." Mr. Eric Varley, Industry Secretary, told the Commons last night.

Concern about BSC's financial performances—it is now losing £5m. in each working week—was even more forcefully expressed by Conservative MPs, who called for the rejection of the Iron and Steel (Amendment) Bill, which seeks authority for a £1.5bn. increase in the Corporation's borrowing limits to £5.5bn.

Mr. Norman Lamont, a Conservative industry spokesman, argued that the step-by-step progress made by BSC in returning to viability should be matched by step-by-step Parliamentary scrutiny instead of the passage of a measure designed to meet the Corporation's financial needs for the next three years.

He also suggested that private enterprise should be given the opportunity to buy steel plants which BSC wanted to close, even though they were profitable, because they did not fit in with the Corporation's strategy of concentrating production on a few modern plants.

Mr. Varley said the fact that the Government regarded the projected loss of £400m. in 1978-1979 as unacceptable should be made clear to everyone managing BSC and to everyone working in the corporation.

"I can assure the House" that said the figure of £17,000 which the Government will be carefully had received a great deal of public monitoring the Corporation's performance as the results come in, average redundancy payment was

substantial of the order of £5,000, and the improvement over the year as a arrangements made deal fairly result of the action that is now with the workforce and reflected being taken," he declared.

The increase of £1.5bn. in the financial interest of BSC.

The borrowing powers was designed men's decision to reject the to cover BSC's needs for up to recommendation by the Commons three years, a period within Select Committee on Nationalised which—and sooner rather than industries that targets should be later—it was aimed to carry out set for reductions in BSC's work-

a capital reconstruction.

Mr. Varley also insisted that would be wrong to tie the the Bill made adequate provision for the corporation's hand.

For Parliamentary scrutiny, with the Bill was a necessary first MPs having the opportunity to stage a financing BSC during the assess the corporation's progress period of great difficulty which it faced advancing further money, now faced. It was designed to

The Secretary of State said secure the future of BSC both as the Government had provided an efficient, competitive and for prudent financing of the eventually profitable organisation corporation coupled with Parlia-

mentary control. He warned vide a secure livelihood for those

Tory MPs that it would be "quite wrong" to work in it.

Mr. Varley confirmed that the borrowing the Bill led to in-adequate provision and to BSC when Mr. Lamont suggested that private enterprise should be facing a cash crisis.

"That is what will happen if given the opportunity to buy the House does not pass this profitable steel plants no longer required by BSC," he declared.

He pointed out that many of these plants could be converted fairly cheaply into electric arc

particular advantage, such as some plants con-

sidered more viable than the exceptionally modern system.

But he agreed with Mr. Peter

He rejected criticism that there must be some limit to lavish redundancy payments were being made to steel workers and such conversions. The Oppos-

ition did not want BSC to damage its own commercial interests.

Mr. Lamont also contended that it would have been preferable to delay the introduction of the Bill until details were available of the capital reconstruction to be undertaken by BSC.

For the Liberals, Mr. Richard

Walshright said BSC was now very much closer to reality.

"We are no longer having the grandiose and Olympian plane

which used to appear."

Minority government was proving very realistic in the treatment of BSC. No minority Government would have committed the disastrous error that was made over the Beswick

review.

Mr. Walshright said the House should have learned from the financial disaster at Leyland that doing out money at brief intervals depending on the head-

master's good report did not work.

Providing money over a three year period would boost the confidence of both staff and customers of BSC. "It is im-

portant that this House should continue a dialogue with British Steel which will ensure the highest degree of Parliamentary control.

"But it seems quite unrealistic to put up token opposition to the second reading of this Bill which would bring total disaster to the industry if the Conserva-

tives took the trouble to get it defeated."

However, more striking than the high sympathy for the system is the huge majority in favour of putting the issue to the people in the form of a referendum—a fitting in Mrs. Thatcher's suggestion that referenda be occasionally employed on vital topics.

To add extra piquancy, separate mini-polos carried out by Opinion Research Centre in the constituencies of the leaders of the major parties, showed equally enormous backing for a referen-

"Progress can best be made by encouraging industry itself to sell British and buy British. In particular, large companies should play a larger role in improving the performance of their British suppliers of components and give them more information about their future plans and needs."

"Retailers should develop closer links with British sup-

pliers."

In a maiden speech, Viscount Tenby said he looked forward to the three countries joining the Community as soon as possible. These were near neighbours of democracies which needed to be protected.

Baroness Seear (L.) warned that an expanded EEC could mean more competition for British products. Unless British industry was restructured to meet this, there could be ill will towards any new EEC members.

Lord Drumalyn (C.) said it was time to review the whole member States.

Mr. Gerry Fitt (SDLP Belfast

W) said the IRA had existed before there were terrorists in

Italy, Germany and elsewhere.

The extent of these organisations in these countries has nothing to do with either the birth or the continuation of the IRA," he

actions, but should apprehend those who took part in such meetings, when they returned to the Province.

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## BOOKS

## Pinter's Proust

BY PETER QUENNELL

The Proust Screenplay by Harold Pinter, with the collaboration of Joseph Losey and Barbara Bray. Eyre Methuen, £7.00. 166 pages

Poems and Prose 1949-1977 by Harold Pinter. Eyre Methuen, £6.00. 90 pages

Chekhov's *Three Sisters* yearned for Moscow, which had become their visionary Promised Land; and I remembered them in 1960 when I saw a modern play about an old half-witted tramp who believed that, if only he could reach Sidcup, he would solve the riddle of his own existence. Thanks to the dramatist's strange staccato dialogue, his chief character's wild preoccupation with Sidcup seemed almost as haunting and disturbing as the Sisters' dreams of Moscow; and I wished at the time that this extraordinary tragic-comedy could have continued an hour or two longer, while the tramp whined and threatened and scolded, and his antagonist, some kind of paranoid recluse, endlessly argued and objected, and, grasping a recalcitrant switch or plug, squinted savagely along the screwdriver he held.

The Caretaker, Harold Pinter's fourth play, was his first considerable success; and since then I have again and again admired, often on the television screen, his gift of building up a psychological labyrinth from which the group of characters he has assembled cannot hope to find an issue. I was interested, therefore, and also a little alarmed, to hear that he had undertaken to produce a screenplay derived from *A Recherche du Temps Perdu*. It appeared a formidable task, perhaps an impossible task. Not only was that the main problem of length: Proust's great novel, in the scholars' *Planned* edition, contains well over 3,000 pages—but both the novelist's method of unfolding his story and his attitude towards his dramatis per-

sonae were bound to make it doubly difficult.

His method itself—Proust's habit of interleaving present and past, and the rôle he attributed to the operations of unconscious memory, which alone, he thought, could bring the past alive—would surely defeat even the most sympathetic screen-writer. Nor do his personages preserve their original shapes: they are gradually transfigured, and sometimes disfigured, during the latter stages of the narrative, until the gallant and generous Saint-Loup has degenerated into an ignobly selfish paediatric; the terrible Baron de Charlus, into a drivelling dotard; and the vulgar Madame Verdurier has made the Prince de Guermantes and is now a sovereign lady of the Parisian social world. For Pinter, as for the philosopher Heraclitus, everything changes: nothing stands still; and the cinema audience, I assume, pre-ers the fairly definite "story-line" which runs from a well-established beginning to a suitably dramatic close.

Such were some of the technical problems that Harold Pinter must have faced; and, although I would not go so far as to say that he had triumphantly surmounted them, he has produced a remarkably absorbing book. The keenest Proustian need have no fears: Pinter has stuck close to the text, seldom inserts an obvious "bridge-passage" and rarely strikes a false note. True, an exception occurs on page 82, when the Narrator pays an impromptu visit to his neighbours and the Duke and Duchesse de Guermantes; and the Duke, an intensely stupid and profoundly snobbish man, greets his wife's humble young acquaintance with the words: "Marcel! How nice of you to look in." But this rather jarringly interpolative note quickly follows by the dramatist's version of one of the novelist's most moving scenes. Swann, who has been attacked by an incurable disease and knows that he must soon die,

does his best to enlighten his devoted old friend; but the Duchess, who is late for a party and whom the punctual Duke is mercilessly nagging, decides to disregard the news, says that Swann mustn't exaggerate, and invites him to luncheon "any day you like," so that they can talk at leisure.

Harold Pinter manages to compress this tragic episode, which in the novel occupies four closely printed pages, into less than thirty lines; and the result is still effective. Other important scenes he handles with equal dexterity; and he pounces on revelatory details, as when Odette, the ci-devant courtesan, to-day the rich and respectable Madame Swann, drives down the Allée des Acacias; and a passer-by remarks "I was in bed with her this afternoon." General MacMahon resigned—"that is to say, some 18 years earlier," though Pinter does not add the end of the remark, which somehow strengthens its impression:

"Si vous l'avez connue à ce moment-là, ce quelle était jolie. Je me rappelle que nos étoiles étaient par le bruit des criées de journaux; elle a fini par me faire lever."

Besides Monsieur and Madame Swann and Robert de Saint-Loup, other chief personages of the novel—the Narrator's beloved grandmother, the Verdurins and their circle, the Guermantes, the Baron de Charlus, Monsieur de Norpols, Jupien and, of course, Albertine and "petite bande"—are capably if briefly summarised; and the Narrator's famous quarrel with Charlus when he demolishes the Baron's top hat, makes a splendid comic scene. Having spent three months in the drama, and ten in reading *A Recherche du Temps Perdu*, I can say that the novel's architecture is quickly followed by the dramatist's version of one of the novelist's most moving scenes. Swann, who has been attacked by an incurable disease and knows that he must soon die,

illusions he certainly brings wanting his whole literary achievement. I am not sure that and Saint-Loup all discover that human love is an illusory experience. What he fails to convey is the imaginative revelation that finally crowns and justifies the tale.

In the novel the Narrator is a man who has lost and wasted time, only to regain the essence of the "temps perdu" through the use of his unconscious mind and the magic power of art; and art is symbolised by the scrap of yellow wall, that unless one had read the novel, "petit pan de mur jaune," that the development of the screen-brightens the background of a play might at times prove a picture. Vermeer's slightly blemished painting is very vast, elaborate in the structure of the basic narrative and so numerous details that, as he himself says, it is a "whole companion." The last book of Proust's *Poems and Prose*, which I have no space to review here, reveals a type of dedicated artist; and a different aspect of authors' gifts, that against it, because it is perfectly observed and painted, of his *Poems and Prose*. Bergotte balances and finds written between 1949 and 1977.

Harold Pinter: a fest of compression

Trevor Humphries

## Powell when young

BY PETER RIDDELL

Messengers of Day, volume two of *To Keep the Ball Rolling*, by Anthony Powell. Heinemann, £6.00. 209 pages

Anthony Powell is almost as elusive as Nick Jenkins. After two volumes of memoirs, and never up in the millions of a 30th birthday, Mr. Powell's personality remains shadowy, even though his tastes and certain world are clearly defined: a reticence in personal and sexual matters is not always to be regretted, if only for the rarity.

This second volume of memoirs is more entertaining than the first, now that the slightly less family history is out of the way. The period covered is roughly from 1929 (after Oxford) to 1934, with occasional forays forward. "the young man setting out an a metropolitan career."

The picture of Duckworth's is notably vivid, the view, for example, of the founder, whose "interest in books" was as a medium for reading, was as slender as that of any man I have ever encountered. If the virtue of bibliophilia is dormant in the blood there is nothing like a publisher's life for aggravating the condition."

Some of Duckworth's authors also appear, such as Belloc, Ford Madox Ford, and Galsworthy (with his "redness of boundless vanity"). Mr. Powell introduced some writers of his own generation to the firm, notably Evelyn Waugh, whose early career and first marriage appear



Anthony Powell: elusive as ever

in a more sympathetic light than recently.

The book includes some memorably funny stories and anecdotes. The cast includes the Sitwells, Augustus John, Ross Lewis, E. M. Forster and Aleister Crowley. Mr. Powell is revealing about even so well documented a character (or demon) as Crowley. The Beast 866, with whom he lunched off motion at Simpson's.

While the memoirs have an intrinsic interest of their own, there is, of course, an additional attraction for members of *The Music of Time* cult—no doubt presided over by the Crowley-like figures of Dr. Trollope and Scorpio Murtock. Mr. Powell has warned against the reader's desire to draw comparisons between characters in the novel and in the memoirs; a particular person may have provided the inspiration but then "invention, imagination, the creative essence" take over.

Nevertheless the words of an intruder of their own, of the weaknesses which human nature is prone to, are there to be drawn on, the problem how to use them to best advantage. When this store—kind of Original Sin—is used up, the writer must consciously look about for new material. This means an essential change in the sort of book written: the setting in motion of what one hopes to be a self-renewing system of continuous imaginative development."

Mr. Powell's bones have been amply fulfilled with self-renewal now, though disappointingly brief, about his literary tastes and thoughts on novel writing. Dis-

cerning his own first three novels published before 1924, he says:

"I've damned up the books, there were there to be drawn on, the problem how to use them to best advantage. When this store—kind of Original Sin—is used up, the writer must consciously look about for new material. This means an essential change in the sort of book written: the setting in motion of what one hopes to be a self-renewing system of continuous imaginative development."

The bandit is considered agent of justice," says A. E. Houseman, "indeed a restorer of morality and often considers himself as such."

Rubbish. Most bandits are neither Robin Hood nor victims of social deprivation, but vicious, selfish and cowardly men.

Crime doesn't pay." This comforting thought is to some extent borne out by Read's investigations:

"As a result of the robbery some of the train robbers lost their lives: almost all lost their friends. The 'lads' were lied to: Midway through the book the

robbers robbed."

But the fact remains that while most of the £21 million was squandered, "lost" or stolen, Gordon Good, one of the chief villains, owns house property in South London worth £100,000. It is not quite certain, then that the financial balance sheet conforms to the moral one.

In reading his tentative conclusions, Piers Paul Read has pushed his enquiries deeply into the swarming underworld of South London, the realm of "lads," "bandits," crooked soldiers and bank managers, "hent" caps and corrupt employees of every kind. He has emerged with a vivid, "squid and rather frightening panorama

of villainy."

His study of the book is com-

plex, but the secret world of Lee Harvey Oswald by Edward Jay Epstein. Hutchinson, £5.50. 382 pages

Marina and Lee by Priscilla Johnson McMillan. Collins, £7.50. 327 pages

Seventy per cent of the American people still believe—nearly 14 years after his death—that President Kennedy's assassination was the result of a conspiracy.

But each new inquiry, each fresh batch of books purporting, at last, to tell the real truth, has actually done little more than add another layer of confusion to an extraordinarily confused story. The temptation is to forget the whole subject on the grounds either that the Warren Commission was right or that the truth is going to remain buried for ever anyway.

Yet every now and then a book appears that reminds the reader just how many loose ends there still are, and how unsatisfactory have been most of the explanations so far advanced for the assassination. *Legend* is such a book. It is not out of the "Oswald didn't do it" stable, it has come away from hard conclusions much of the time and it is at times irritably under-researched.

But there is enough there to hold the interest and the book raises important new questions. Mr. Epstein has concentrated on the most under-studied part of the Oswald saga: his long-standing connection with the Soviet Union. So keen was the Warren Commission not to provoke an incident with the Soviet Union when it emerged that Oswald was in fact a defector with a long history of Marxist leanings, that comparatively little is known of his Soviet connection.

Priscilla McMillan, the author of *Marina and Lee*, will have none of this. By chance she was the freelance journalist who interviewed Oswald soon after he defected to the Soviet Union. By chance, too, she had known the then Senator Kennedy well. And yet this reviewer did not like it, was disappointed, re-told from the feast.

Why? The novel is set in a decaying Irish stately home. It is about the heir, a precocious young teenage lad who suffers from what can loosely be described as Portnoy's complaint and is irresistibly attractive to older women. First to fall victim is the housekeeper, the possibly Polish, Czech or Austrian Miss von B., whose marmoreal development particularly attracts her. At length and frequently.

The difference between the books is neatly summed up in one contrasting piece of an analysis. To Miss McMillan his handwriting is clearly that of someone dyslectic (hence some of his other problems) but to Mr. Epstein the way he wrote in Moscow is clear evidence that he was taking dictation, that all the time he was in the Soviet Union he was under the aegis of the KGB.

In the end who knows? What novelist would ever have written a novel about the assassination of a President with the plot that emerged after Kennedy's death? It would have seemed implausible and the explanations so far advanced still seem implausible, the more so after reading Mr. Epstein's book.

One of the most famous treasures of Chatsworth was Claude's *Liber Veritatis*, which in view of death duties, entered the British Museum in 1857, and 20 years later was shown in the Print Room Gallery. The 1857 drawings in this volume are of major importance for a study of Claude's art. They also assist in the assessment of the development of landscape painting in the 17th century.

The *Liber* was not in its original form when acquired by the British Museum and has now been broken up. The recent publication of the drawings from this volume is something of an event and Michael Kinson, who is responsible for the edition, has made a notable contribution to the history of art.

His study of the book is com-

prehensive. He discusses the functions of the *Liber* and their implications. In the first instance the volume was mainly conceived by the artist as providing a record of the works he had done. The drawings thus offered a means by which he could guard against forgeries.

Claude's art is concerned not so much with the artist's reaction against it. By the beginning of the novel he has already caused his wife and children to leave, and he continually rises with rejecting conventional career success.

He suffers, apparently greatly. He also sleeps with Elmira, the oddly strong Antipodean ballerina, with Jessica, supposedly his wife's oldest and dearest friend, who may be looking for a more promising husband, and eventually with Katie Mulvaney, who is different.

Katie Mulvaney is Irish. She has a stuffy husband (but all the husbands except Joe are stuffy), and impossible children with names like Slobban and

DENTS SUTTON



Harold Pinter: a fest of compression

## Case of the Second Quartet

BY C. P. SNOW

Sherlock Holmes and his Creator by Trevor H. Hall. Duckworth, £7.95. 154 pages

This book is unclouded joy. It will, of course, be seized on by all devotees of Sherlock Holmes and the Higher Criticism of the Holmes canon. But it will give both pleasure and enlightenment to anyone with a taste for mock-serious scholarship.

Mock-serious isn't really the right term. Mr. Hall applies the entire apparatus of the scholarly virtues to what solemn persons would regard as a trivial topic. He has industry, very high literary and correlating intelligence, and the courage—which is a prime requisite for a good textual scholar—to know when the reserves of exactitude are exhausted and it is necessary to take a risk. Sometimes, too often, one sees incomparably less professional and imaginative scholarship applied to major topics. This is particularly true of certain domains of English studies. It does seem slightly odd that Mr. Hall should devote his talents, his high academic standards to this particular subject, though it is agreeable for the rest of us.

He is a long way the best of the English practitioners of Holmesian higher criticism. He has far more direct insight than, say, Ronald Knox or S. C. Roberts. At first glance, surprisingly, he also seems to have a more natural relish for any kind of textual research. He is in a subdued fashion, very funny, which of course helped because he's over his work.

To see him at his best, turn to one of the essays in this selection: "Thomas Sturges Eliot and Sherlock Holmes." It had previously been spotted that six lines in *Murder in the Cathedral* were, except for three words, identical with "The Musgrave Ritual." Notes about this had been in the *Grimpen Mire* in *The Hounds of the Baskerville*. There is more to come. In *Old Possum's Book of Practical Cats*, Macavity is described as follows:

"Macavity's a ginger cat, he's very tall and thin

You would know him if you saw him, for his eyes are sunken in.

His brow is deeply lined with thought

his head is highly domed...

He sweeps his head from side to side with movements like a snake."

Compare Holmes's description of Dr. Moriarty:

"He is extremely tall and thin, his forehead domed out in a white curve and his two eyes are deeply sunk in his head...

His face protrudes forwards and is forever slowly oscillating from side to side in a curiously repulsive fashion."

Hall comments that if we could see Moriarty and Macavity together, we would hardly be able to distinguish between them—apart from the fact that Moriarty was clean-shaven.



Sherlock Holmes: some fresh deductions

and Macavity, like most cats, was not.

Hall traces the textual identity throughout the *Musgrave* passages. Again, this must have been completely deliberate, or of Elliot's clandestine jokes. So far as I know, no one before Hall had detected it.

There is one minor mystery which even Hall cannot unravel. In April, 1929, there appeared a five-page article in *The Criterion* under the title of "Sherlock Holmes and His Times." It was signed T. S. Eliot. It was an admirable piece of enthusiastic literary appreciation. Twenty-four years later, a Holmesian in Denmark wrote to Eliot asking if he had ever written an article on Sherlock Holmes. Eliot replied, with his usual politeness, saying that he was a devoted admirer of Holmes, but had never written about him.

This is baffling. Had he simply forgotten? Eliot was only 65 at the time, and his memory was excellent. Or was this another of his dead-pun jokes? It doesn't sound like it, and it wasn't in his style to answer to a respectful inquiry in an evasive fashion. It remains the strangest, in the whole of Hall's brilliant book.

In the last chapter, "Conan Doyle and Spiritualism," Hall shows another aspect of his talents, a deep and valuable one. How did Doyle come to believe in and defend the most transparent frauds?

He is a long way the best of the English practitioners of Holmesian higher criticism. He has far more direct insight than, say, Ronald Knox or S. C. Roberts. At first glance, surprisingly, he also seems to have a more natural relish for any kind of textual research. He is in a subdued fashion, very funny, which of course helped because he's over his work.

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## RESEARCH

## Bubble memory is developing fast

THE SPEED at which magnetic bubbles—tiny cylinders of magnetised in certain materials can be moved is important when these bubbles are to be used in memory elements for computers. Philips Research Laboratories have developed new materials in which the bubble speed is 30 to 100 times faster than in previously known materials.

Bubbles may be present in thin anisotropic layers of a magnetic material in which the preferred direction of magnetisation is at right angles to the plane of the layer.

By applying a rotary magnetic field in the plane of the layer it is possible to move the bubbles along a pattern of Permalloy strips arranged on the layer. The speed at which these bubbles can move is very important because it determines the maximum frequency of the rotary field and, therefore, the maximum clock frequency at which bubble memories can be operated.

An earlier investigation at the Philips laboratories revealed that the speed of the bubbles can be increased considerably by applying a field strength component parallel to the layer, in addition to the external perpendicular field. With the usual bubble transport method it is impossible, when using the rotary field, for this extra field to be applied by external means.

Investigations at the above laboratories have shown that magnetic layers of manganese, europium and lutetium containing iron garnet deposited on the (110) face of a single-crystal substrate of the non-magnetic gadolinium-gallium-garnet have the desired properties. Bubble speeds of up to 300 metres/second have been measured in these layers, where conventional layers reveal bubble speeds of only 5 m/s.

Philips Research Laboratories POB 523, Eindhoven, The Netherlands.

Meanwhile, at Yorktown Heights, an IBM research team using currently available materials and technology, has achieved an eightfold reduction in bubble size, which means that much more information will be stored in the same area of garnet material than hitherto.

The IBM experiments demonstrated that stable magnetic bubbles as small as four-tenths of a micron in diameter can be formed, compared with the three-to-five-micron bubbles used in devices to-day. A micron is 1/25,000 of an inch.

This decrease in bubble size provides potential for a dramatic increase in the amount of information that could be packed into a bubble device in given areas because each bubble—regardless of its size—can hold only one "bit" of information.

Thus, a square inch garnet with three-micron bubbles today can hold 3m. bits of information, whereas in the near future a square inch of garnet material may be able to hold 100m. bits.

The researchers focused their attention on measuring the physical and chemical properties of garnets, examining the formation of magnetic bubbles in magnetic fields representative of those needed for bubble devices.

Although their work did not include the making of devices (code-named NIMROD (Network for Investment and Mortgage Real-time On-Line Data processing) it will give cashiers in branches all the current information on the state of customers' investments and accounts. The terminals, which will be placed on branch counters, will also enable cashiers to keep customers' central records.

More from IBM on 01-935 6800.

## COMPUTERS

## Woolwich goes on line

WOOLWICH Equitable Building Society—Britain's fifth largest—is to establish a computer communications network to link all its branches to its central computer.

Code-named NIMROD (Network for Investment and Mortgage Real-time On-Line Data processing) it will give cashiers in branches all the current information on the state of customers' investments and accounts.

The study furnishes important basic data needed if devices using bubbles smaller than a micron are to be designed.

More from IBM on 01-935 6800.

## Clip on head saves fish

THE DEMAND FOR tropical fish in this country more than exceeds the supply, says the Tropical Marine Centre of Borehamwood, Herts, whose director travels extensively to the Far East and Caribbean, in pursuit of these exotic stocks. And after obtaining the fish there is the problem of preserving, storing and packaging the fish for distribution to the trade.

Manual closing of polythene bags containing marine fish is often hazardous as this involves winding elastic bands tightly round the bags to obviate escape of oxygen, taking up time and running into high labour costs.

More on 01 480 2128.

## IN THE OFFICE

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## CLUBS

EVE, 189, Regent Street, 224 0857. 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## The Management Page

EDITED BY CHRISTOPHER LORENZ

THERE appears to be a growing awareness that a low rate of product innovation is at the root of Britain's economic problem. The argument goes something like this: British industry is grossly overmanned compared with other advanced industrial economies. This results in low efficiency.

The main reason for overmanning is that the powerful trade unions are unwilling to trade off jobs for higher wages, since there are no jobs available for the redundant employees. This is because new types of products and processes are not being generated at a fast enough rate to absorb the redundant employees made redundant from older industries such as steel and vehicle manufacture. The latter must become increasingly capital intensive to meet the tough competition from low wage, newly industrialised countries of the third world.

The trick, then, is to increase the rate of product innovation. This will provide the new jobs which will allow the trade unions to run down the overmanning in the older but still I think, essential industries.

Why is the rate of product innovation so low in British industry? There is no dearth

MOST BOARDS of directors in manufacturing industry will be in for a rude shock if they follow the advice of one of the few people in Britain with top-level experience in both industry and government.

Lord Wilfred Brown wants every board to put two fundamental questions to its chief executive at their very next meeting: "What proportion of our turnover do we spend on product development?" and "Who is responsible for product development in our company, and to whom?"

"A lot of companies will be very shocked indeed, because they won't know the answers," according to Lord Brown. Even if they can, they will probably find they are spending far less than their overseas competitors.

It frightens the hell out of me to think that foreign companies are preparing for a future of which most British companies are unaware," Lord Brown told a conference on product design and innovation. "What we're doing in this country is gradually retreating from one product market after another."

Yet international competition was swinging more and more from "price to design competition. Customer firms would pay "double the price" for machinery if it was marginally better designed. The future of British industry was "fraught with

## Two key questions that every Board should ask

disaster unless we can wake it up," Lord Brown told the conference, organised by the British Institute of Management and held in London last week.

Unlike many other "elder statesmen" from industry or government—he was formerly head of both Glacier Metal and the Board of Trade—Lord Brown's dire warnings are not based on outdated experience. For one thing, the current decline of product innovation in British industry is part of a long-term trend, as described on this page a fortnight ago (April 28). For another, Lord Brown is still very much involved in overseeing product development in manufacturing industry.

A member of the Government's Industrial Development Advisory Board, he examines many companies' applications for state aid under various Department of Industry schemes, seeing up to 30 briefs each month.

His verdict on these companies' attitudes to product design? "I am shocked." Not only were most spending less

## BANCO NACIONAL DE MEXICO OPENS LONDON OFFICE

Leading figures of the London finance and business world attended last night's reception at Claridge's given by Banco Nacional de Mexico to celebrate the opening of its representative office in London.

Javier Bustos, chairman of the Board, explained that Banamex—the name under which the institution is generally known—was founded in 1884 and that at present its total assets amounted to US\$5.25bn.

The bank operates some 500 offices inside Mexico and six abroad (New York, Los Angeles, Tokyo, Paris, Frankfurt and Madrid), in addition to the one just inaugurated in London. It is the principal shareholder of International Mexican Bank Ltd., London, which in its short life of five years has successfully promoted projects worth hundreds of millions of dollars, almost invariably in cooperation with leading American and European banks.

Mr. Bustos said the opening of the London office, which is located at 29 Gresham Street, was part and parcel of an overall Banamex plan to develop its international activities, and that one of the foremost objectives was to increase its inter-bank operations in order to ensure greater diversification and contribute still further to the socio-economic development of Mexico.

Mr. Bustos introduced to his distinguished guests, Messrs. Pedro Cerisola, executive vice-president, International Area of Banamex, and Frank O. Willy, vice-president, Finance and International Loans.

In charge of the new London office is Guillermo Gómez García, another vice-president of Banamex, who was born in Mexico City in 1940 and educated there and at Stanford University. After holding various important posts in the financial divisions of industrial companies, he worked for Bank of America prior to joining Banamex.

# How industry is exaggerating the risks of innovation

BY PROFESSOR T. W. MCRAE

of suggested reasons—lack of capital; too few highly trained engineers; a social mood which discourages creative people working in the business arena; a tax system which denies sufficient reward to compensate for the hard work and risk associated with product innovation—a grossly exaggerated risk.

The first suggestion is wrong. There is not a scrap of evidence to suggest that capital is unavailable to support new products.

The capital is available but it is not being channelled into the new product sector. The second and third suggestions are probably valid, see for example Alastair Man's comparative work on engineering in various advanced economies (see this page, October 25, 1977). But we have to remove all these constraints before we can improve the rate of product innovation, we may as well throw in the towel now. The current restructuring of engineering training will take at least a generation to bear fruit and a change in social mores, several millennia.

The tax disincentive (point four), and particularly CTT, is a genuine constraint that could be dealt with quickly via a tax holiday for several years for new

products or processes. I donate this idea to Mr. Healey's suggestion box for his next Budget.

When deciding the go/no go decision on new technically viable products which have been developed by the R and D department.

That I would like to concentrate in particular, I am surprised by the very high "hurdle" rate

Over the past few years I have had the opportunity of discussing new product selection procedures with several hundred R and D managers who have passed through the technological innovation courses at Bradford University Management Centre.

Two points strike me very forcibly. First, the lack of viable, it is difficult to under-

stand the justification for that

products by the R and D managers themselves, despite the very high required yields if the cash flow projections on which the

yield is calculated are based on a properly researched marketing report.

The conventional method of calculating a hurdle rate to existing products.

select an investment project is to compare the estimate of the produce existing products

should not have affected decisions about new products. Most

recent years has come from tax deductible fixed interest funds, continuously pruning and re-

the repayment of which is seeding its products portfolio.

Thus, the cost of capital is historic

been exceedingly low to British

companies, perhaps 5 per cent. or less.

We might, therefore, have expected, *a priori*, a boom in

industrial investment over the last few years. This, as we all

know, has not taken place. The

failure of total demand to rise

has left existing productive re-

sources with spare capacity,

thus discouraging the extension

of existing plant producing

more than 1 per cent. of turnover with product design," Lord

on product development—com-

bined with up to 4 per cent.

Companies should set targets

in the case of foreign companies for production design, just as

—but many had no idea which they did for marketing and

of their senior executives were responsible for product design. Teams could no longer submit

to the temptation of diverting resources to a tempting-looking project along the way.

Lord Brown also urged industry to take more advantage of the various Government schemes which offer financial support for product design, as well as for investment man-

ufacture.

The BIM conference was warned by several speakers against under-estimating the time it takes to achieve the best design for a product. Explaining how his company had managed to design a machine which was both better and 27 per cent. cheaper than its previous model, Mr. R. Shaughnessy, of Plat Sac Lowell, said the predecessor had been over-engineered.

Not only new product design, but also the improvement of existing products, must be entrusted primarily to the design team. "I'd always hesitate to let manufacturing tinker about four or five years which was

often necessary. The entire design process for the new machine had taken seven years.

Itemising how cost savings and better design had been combined, Mr. Shaughnessy cited one sub-assembly after another where the major saving had been on labour rather than material.

He thereby implicitly underlined the dilemma of manufacturing industry: that unless a company can generate new markets, better product design means a cut in the labour force, and all the unpleasantness which that involves.

This, in turn, was partly because it had been designed too quickly: from design concept to complete detail in only 12 months, compared with the let manufacturing tinker about four or five years which was

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# Minority is beautiful

BY JOE ROGALY

BRITAIN has now been blessed with nearly a year and a half of minority Government. It has been a salutary experience. The Labour administration has found that it can no longer bulldoze through Parliament any piece of legislation, its more fanatical adherents put forward. Civil servants must accustom themselves to the idea that to draft a regulation, or even an entire Bill, is no longer the same thing as it was when it was rubber-stamped by an obedient Parliament. The Opposition parties are learning that there is after all something to bargain about at Westminster.

This is a far happier state of affairs than the one that is customary in this country. It is usually held that "the Government must govern" or that if "A Chancellor cannot get his Budget through unopposed the Government ought to resign" or some such nonsense. This belief is so strong that it is shared, privately, by some of the older Labour Ministers; if they were true to their innermost sense of what is proper in the British polity they would have stepped down long ago.

## Horse-trading

Yet the belief itself is false. Britain is the only Western European country in which it is assumed that it is a disaster when the Executive cannot have its will worked without question by a complaisant legislature. In all the others there must always be some kind of horse-trading.

The need to keep some sort of peace with the Liberal Party has done the Labour Government a power of good over the past year. The Liberals cannot claim to have forced through much of their own thinking—but if the Prime Minister could, if he were candid enough, admit that he has been able to govern in a far more conservative manner than his party would have allowed him to get away with if it had had an overall majority.

Some people may object that some of the changes may have been bad ones. The Liberals were silly about petrol last year, the Scotland Bill, unenriched in order to appease the Nationalists, and the shifting alliances in the Commons is less than perfect. Wrecking amendments to important fiscal legislation are always possible. All this is regrettable; none of it, singly or together, is of greater value than the impossibility of ideological legislation.

But there is more to it than that. The greatest single cause of Britain's political degeneration since the war has been the exaggerated class conflict built into the two-party system with its

overall majorities in Parliament. This system gives free rein to the Cabinet and the Civil Service that so strongly influences it. Any return of power or influence to Parliament must moderate the ability of this dangerous mechanism to divide us, or to impose the ideas of tiny minorities upon us.

The happy accident of a hung Parliament has provided a small glimmer of how much better political life could be if Britain could only get its management right, by providing a rational constitutional framework. Some might argue that a Parliament of many parties is already being provided by the existing constitution, so that one has nothing to complain of—but since we all know that this might be a passing moment of relief that argument does not stand up. Anyhow the people who use that argument are usually the ones who insist that only "strong government"—i.e. a Parliament totally dominated by the Executive—will do.

Others may object, and say, "but how terrible the Ulster unionists, or Mr. Enoch Powell, can hold the Government to ransom over a single night's voting." The answer is that everywhere else this is the normal way of politics. If the politicians have the requisite moral fibre, they can withstand it. For every undesirable proposition from one party there is nearly always a better one from somewhere else—and that is surely the way to devise policies that knit a society together rather than tear it apart. If the Welsh Nationalists, or the Liberals, can give strength to their opinions (which at least in the latter case have been accepted by large numbers of voters) by Parliamentary dealing and debate, that must be better than the behind-closed-doors internal bargaining that takes place within the two major parties when either of them is in sole charge.

## Education

Thus we should all be grateful for the education this past year or so has given our politicians. It either major party wins an overall majority at the next General Election the darkness will come down again, of course, but perhaps the lesson will not be entirely forgotten. With any luck people will build on it—think of a Britain in which the Liberal Left and the Tory-Liberal or Tory-Thatcher wings were both where they should be: in their own separate parties. Then they would have to confront the voters on their own. That would be democracy.

Horses Galore. 5.35 Magic Round-about. 5.35 Magic Roundabout. 5.40 News (London and South-East only). 5.55 Nationwide. 6.20 Nationwide. 6.50 Sportswide. 7.05 Bugs Bunny. 7.10 The Wonderful World of Disney. 8.00 It's a Knockout. 8.00 News. 8.25 Petrol. 16.15 Tonight (London & South-East). 10.45 BBC News. 10.45 The Late Film: "Mr. Denning Drives North," starring John Mills.

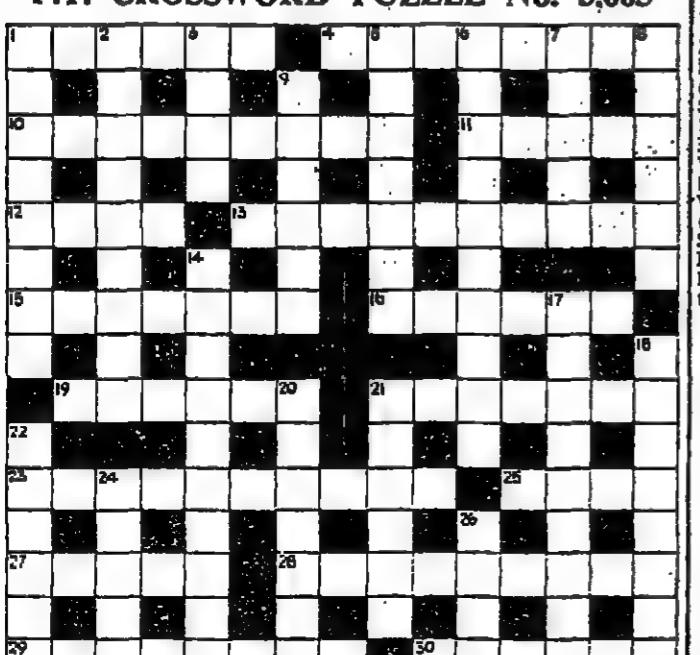
## TV/Radio

+ Indicates programme in black and white.

### BBC 1

6.40-7.55 a.m. Open University. 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 How Do You Do? 2.05 For Schools, Colleges. 2.20 Ar Glawr. 2.35 Regional News. 2.45-3.00 England (except London). 3.35 Play School. 4.20 Scooby-Doo. 4.40 Potter's Picture Palace. 5.05

### F.T. CROSSWORD PUZZLE No. 3,665



# Back to Marienbad

by NIGEL ANDREWS

Providence (X) Academy 1  
Heroes (AA) Plaza 2  
Here Beneath the North Star  
and Aksei and Elina ICA  
Archive Nights  
National Film Theatre

John Gielgud as a dying, in-continent novelist: Dirk Bogarde as a prim, sarcastic barrister; Ellen Burstyn as Bogarde's wife, seeking extramarital warmth in the arms of astrophysicist David Warner (first seen in army uniform shooting a werewolf in a forest); and Elaine Stritch doubling as Bogarde's aging, dyed-blond mistress and as flashback visions of Gielgud's dead wife. Providence has taken almost two years to reach a London cinema, and the dramatic personae described above may give you a clue as to why. Directed by Alain Resnais and written by David Mercer, it is a work of bizarre and often intractable complexity, a Freudian hall of mirrors where nothing and nobody are quite what they seem, and where even what they seem hardly remains constant for more than two scenes in succession.

But be not deterred. The film is as witty and fascinating as any to have reached London this year, and it more than repays the mental exercise required. Those who have seen Mercer's plays on British television—those passionate and caustic territorial battles fought by human beings doomed to the miserable intimacy of an unhappy marriage or love affair or family life—will know roughly what to expect when Mercer's acerbic dialogues meet the baroque flourishes and elegant mystifications of Resnais.

"Providence" is the name of the huge, gloomy villa occupied by the dying Gielgud, and it looks like the dark side of that hotel in Marienbad where, fifteen years ago, Resnais choreographed an equally macabre and ornate dance of memory. Resnais is still the offscreen choreographer in collaboration with Mercer, but the film has an on-screen choreographer as well. The characters and their actions are all shaped by Gielgud as the cancerous writer. His voice-of-narration, foul-mouthed, tetchily humorous, and sometimes accompanied by bed-ridden glimpses of the speaker himself, guides the principal cast of four shaped by one man's dying through their strange character vision: a world sometimes tinged with regret, sometimes corroded

world is the world of dreams and the subconscious, and those who enter it must abandon hope of logic or realism. Events are filtered through Gielgud's mind as he composes an imaginary novel from the doings of his own family.

All the characters go through changes. David Warner, for example, begins as a daicile young hippy in a court-room, being witheringly cross-examined by Bogarde for the mercy-killing of an old man who believed himself to be turning into a were-

wolf. Then it is gradually revealed, after some later adroitious skirmishings between the now-acquainted Warner and Bogarde's own wife (Miss Burstyn), that he is Bogarde's illegitimate son, Matthew, and that both are the sons of Gielgud.

The story's wheels, within wheels continue to spin at dizzying speed, and the flogger tries at his peril to slow them down for inspection. He can only interpose, where he dares, a conjecture as to what the images and symbols mean. Is the wolf-like old man an image of Gielgud's decaying animality? Is Warner's mercy-killing a projection of Gielgud's own death-wish? And is Gielgud's (or Mercer's) moral world-view written into the opposition between Warner's Bohemian amoralist and Bogarde's cold, serpentine layer-down-of-the-law? Whence the film looks like losing itself in Marienbad in its own labyrinth of meaning. It is rescued by the sharp wit and bravado of Mercer's dialogue, and by acting that is a joy throughout. Gielgud's expletive-filled narration has a clarity all the more poignant for coming from the mouth of our foremost Shakespearean (he even gives a Bardic cadence to his cries of medical self-pity): "Now let science soothe the troubled rectum," he declaims as he inserts a suppository. And Bogarde's barrister, limp-wristed and reptilian, is the most venomously witty performance this ever-improving actor has given.

The film is about a world shaped by one man's dying through their strange character vision: a world sometimes tinged with regret, sometimes corroded



Sir John Gielgud and Dirk Bogarde

Carnegie Hall, New York

## Horowitz Jubilee by DOMINIC GILL

Last Sunday, at his usual bullet-time of four o'clock, in the afternoon, Jascha Heifetz gave a piano recital in Carnegie Hall. It was a Golden Jubilee occasion—half a century, almost to the month, since his legendary New York debut on the same platform. The hall, predictably, had been sold out weeks before; but on this particular afternoon, passers-by in 57th Street might have noticed an unusual difference. No posters on the building announced the event; no touts offering \$25 tickets for up to \$200, milled on the sidewalk outside. There were differences, too, inside the hall: the usual announcement forbidding the use of cameras and tape recorders was made by loudspeaker in seven languages; a babel of voices, speaking a still greater number of different tongues! Billed in the foyer, this was an "International Recital," for which not one seat had been offered for sale in the U.S. Its audience had arrived from everywhere but America: from Europe, from the Middle and Far East, from Australia, from Canada, and (the largest national contingent) by specially chartered Jumbo from Japan.

A gimmick? — perhaps; but a gimmick with a point. Horowitz, in the 1940s with his pre-war, and in the early 1950s with his new electrified, and electrically, performances of Liszt and Chopin, and of concertos with Reiner and Toscanini. I mourned his 1965 silence from 1953 to 1966; and rejoiced in his return, and in the spectacular flood of new recordings which accompanied it. For 30 years he has been a familiar, magical figure: intimately known, but distantly perceived—admired and loved, but only by the intervention of needles and magnets, and to New Yorkers almost secret appearance offered admirers from abroad one chance, probably.



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Savoy

## Alice's Boys by B. A. YOUNG

Felicity Browne and Jonathan Hales must have been going in

for some shrewd analysis of the box-office figures at London's theatres, for Alice's Boys is constructed firmly on the Agatha Christie principle. The suspects, who shelter under her name habitually achieve, and the authors have had a trip on two band-saws at once by combining a whodunit with a spy story. The production is really far better than the play deserves, but by making a taut suspense tale with what can only be called all-star casting a (whom we only see dead). Bertie, found dead under a bed in circumstances that would have been

any way different.

The writing is better than Miss

Christie or the adapters, who are the head of the spy "family," and it is no less than Ralph Richardson, cool in deportment, telegraphic in speech, commanding in manner, has only weakness a habit of taking his petit point on duty with him in his briefcase. His five boys are Henry

and the victim is a fifth member, who is called all-star casting a (whom we only see dead). Bertie, found dead under a bed in circumstances that would have been

any way different.

It would be wrong to retail any Colonel B. I should have ruled

details of the story, but the cast to have four such people is certainly mouth-watering. Alice living in a flat together would have attracted too much undesirable attention for they are a rum lot as spies go.

Bertie, played by Michael Gambon, is a coldblooded killer who hides his talent under what Mr. Pym calls a "four bonhomme" personality evinced in his drinking and constant singing of Irish songs. Dan (Michael Jayston) is withdrawn and calculating where Bertie wears a Chinese dressing-gown with dragons. Dan wears a monkish habit. The third man is Toby (Gary Bond), a lady's man and gambler, who is having a fling with Sally (Joanna van Gysegem), their female colleague.

Who, you will ask, is Mr. Pym? Mr. Pym comes from MI5, who it appears, is in constant rivalry with MI6, and he is investigating Henry's death because Henry has actually been a double agent, a double agent of an unusual kind, working both for MI5 and MI6. Mr. Pym is played as well by Geoffrey Keen that it seems a shame that television should have kept this actor off the stage so much. The contrast between the MI5 colonel and the MI6 policeman (of that is what he is) in their different attitudes to discipline is an enjoyable study.

I cannot say that the unravelling of the knot is done with any special skill; indeed I was only modestly convinced by the conclusion. But the production is a little jewel of its kind under Lindsay Anderson's direction, and the lack of intellectual pabulum should not deter anyone who just needs a jolly good evening out.



Ralph Richardson (foreground) with Geoffrey Keen, Michael Jayston, Joanna van Gysegem, Michael Gambon and Gary Bond

### English Bach Festival

## Vivaldi

Vivaldi is 300 years old this year—a fact unlikely to escape the organisers of the English Bach Festival. On Wednesday they provided a programme mainly devoted to his vocal music. Last night they offered again in the same Elizabeth Hall, a concert performance under John Eliot Gardiner of the opera *La Griselda*. Wednesday's tribute was prefaced (as the opera will be) by a Purcell room lecture from the Danish Vivaldi expert Marcel L'Herbier's legendary Zola adaptation *L'Argent*. There is not a dull film in the season, so I urge you to keep your Friday evenings free.

### Bohm cancels London date

Karl Böhm has had to cancel his Festival Hall concert with the Philharmonia Orchestra on Tuesday because an eye operation he is having in Switzerland.

Instead, the orchestra will present the first London concert appearance for more than ten years of Jon Vickers, who will sing Florestan's aria from the dungeon scene of *Fidelio* and several other excerpts from the first act of *Die Walküre*.

The concert will open with the *Fidelio* overture, and in the second half, Andrew Davis conducts Strauss's *Ein Heldenleben*.

### Mike Westbrook Brass Band in England and France

The Mike Westbrook Brass Band has a full programme in May. On Saturday and Sunday next, it appears at Dudley Spring Festival in the West Midlands.

On Monday May 15 the band leaves for a 10-day tour of France with the Orchestra returning to England for Whitsun weekend, for appearances at the Serpentine Gallery, Kensington Gardens each afternoon of May 27, 28 and 29, starting at 3.30 p.m.



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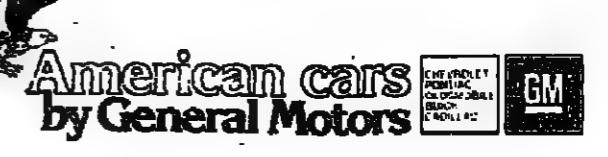
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Friday May 12 1978

## Righting the balance

THERE IS an opinion, widespread in commerce, industry and the professions as well as the entertainment world, that the balance between direct and indirect taxation in this country is dangerously wrong. We share this opinion, and believed that the Budget presented an opportunity to begin putting things right. Not only does the present structure of progressive personal taxation weigh too heavily on all earned incomes, especially at the lower and upper ends of the taxable range, but the effect of inflation has been to make the weight intolerable. At the upper end, which is the more important for achieving the more efficient economic performance from which all can benefit, present tax rates undoubtedly inhibit both risk-taking and additional effort.

Some Ministers, at least, share this opinion. Mr. Harold Lever, for example, whose efforts to improve the position of small businesses have received enthusiastic support from the Government, remarked only a fortnight ago that a correction in the higher rates of direct tax was overdue and that he expected one to take place. It is perhaps too much to hope that his senior colleagues, with an election on the way, talk about further pay restraint imminent, and the Labour Party itself as fissile as usual, should take so open a stand on the sensitive political issue but they may not be altogether out of sympathy with it.

### Opportunity

The combined forces of the opposition parties, at any rate, have now succeeded in defeating the Government and bringing about two useful changes in the structure of direct taxation—a small cut in the standard rate and a rise (how far intended or not is unclear) in the various points at which the higher rates of tax become payable. The Chancellor neglected the opportunity to take similar action himself; his professed anxiety to encourage initiative and efficiency can scarcely remain credible if he now seeks simply to undo what has been done for him by others. It is true that Mr. Denzil Davies, a junior Treasury Minister, reacted to Wednesday's successful amendment in purely political terms, accusing the Tories of class bias and wrecking tactics. He also suggested that the wicked Tories.

## The many roles of BNOC

ONCE THE decision to set up the British National Oil Corporation had been taken, it was clear that it would play a large and growing part in North Sea development; the important thing for the Government and the taxpayer was that its activities should not discourage investment by the private oil companies, whether British or foreign-owned. Some tension is inevitable, especially when the BNOC has a chairman as forceful and outspoken as Lord Kearton. The companies want a favourable tax regime and as much freedom as possible to manage their own operations; the recent description of the BNOC as an albatross round their necks no doubt reflects a general mood. There are, however, more serious grounds for concern in recent decisions by the Department of Energy, which appear to extend the BNOC's role well beyond what is necessary to secure national objectives.

### British control

The Government's proposed conditions for the sixth round of licences, which were published this week, are designed according to the Secretary for Energy, Mr. Anthony Wedgwood Benn, "to strengthen British control over our own offshore oil resources." Not only will the State, through ENOC or British Gas Corporation, again have a 51 per cent. stake in all blocks, but the oil companies are being asked to pay for part of BNOC's exploration and appraisal costs. In a variety of ways the involvement of BNOC is being expanded. Given that North Sea exploration is now moving into more difficult areas, it is possible that these more onerous conditions will discourage some companies from bidding in the sixth round.

Lord Kearton has suggested that now that the bonanza period in the North Sea was nearing its end, U.S. oil companies might tend to switch their attentions elsewhere; if there might be pressure on them from their own Government to put more effort into its U.S. offshore areas. Whether this prediction is right or wrong,

it makes no sense for the British Government to encourage their departure. Equally, the Government must keep in mind the need to stimulate the smaller British independent companies, which are capable of making a significant contribution in the North Sea; these are the ones most likely to be hit if excessively restrictive conditions are imposed in the sixth round.

A more fundamental question concerns the combination of BNOC's roles as referee and player in the North Sea. On the one hand it is in direct competition with the oil companies; its trading activities are growing and there is at least the possibility that it could move downstream into oil refining or even petrochemicals. On the other, it has a regulatory role, monitoring the performance of the industry and advising the Government on policy decisions. There are fears that information obtained from its regulatory function could be used to its advantage as a commercial enterprise.

It is true that there are some advantages in the Government, through BNOC, having practical experience of North Sea operations; on certain issues, such as the principle that two-thirds of North Sea oil should be refined in the U.K., the BNOC has persuaded the Government to be more flexible. Yet the more aggressive and ambitious BNOC becomes in its commercial activities, the more obvious is the conflict of interest.

### Choice

Perhaps the time has come for the Government to choose which of two directions BNOC should follow. Should it concentrate on the job of regulatory agency and give up its ambitions to become a fully-fledged oil company? Or should it live off its regulatory functions to the Department of Energy and carve out its own position in the oil business, but without the privileges which it now enjoys? Without some clarification of BNOC's objectives, the conflicts between its many roles are likely to become more acute.

Given such a discrepancy on a short-term view, it comes as no surprise to discover that the variations over the longer term are wider still. For the 12 months to November 1 this year, estimates for the FT 30-share index range from 450 to 570, while those for the Dow Jones ranged from 940 to 1,350.

# The Tories find something to shout about

BY MALCOLM RUTHERFORD

WITHOUT THE slightest ing towards the Conservatives, it has deprived the Government of funds, or at least offering their votes to the highest bidder on the Ulster question.

It has been said that that came about because Mr. Enoch Powell and Mr. James Molyneaux, the Party leader, wanted either to support the Government or to abstain, but were outvoted at a party meeting. In fact, such a meeting did not take place, though Mr. Powell may, of course, have sensed the way the wind was blowing and trimmed accordingly.

As Sir Geoffrey Howe, the Shadow Chancellor, said in his speech, a cut in the basic rate of one penny in the pound does not represent anything like what the Conservatives think needs to be done to reform the income tax system of the country: "It is only a token change . . . an indication of the kind of change that is necessary."

There had been some in the Shadow Cabinet who had argued that the Tory amendments to the Finance Bill were a mistake on the grounds that it is impossible to tinker with a "Socialist Budget." But in the end the token gesture paid off. The Tories had re-identified themselves as the party of lower taxation and reduced public expenditure. The party in the country was judged to have been satisfied: the Liberals had been outflanked; and the Government was on the top.

The Government's attitude was summed up by one Minister who spent most of the week watching the reverses—sometimes twice-nightly—to the Scotland Bill in the Lords. "We don't like defeats," he said. "They hurt."

And yet, contrary to received opinion, a week is a very short time in politics. It is possible for a political party to be up in the skies one week and down in the dumps the next: the euphoria does not necessarily extend over the succeeding months. Thus even by Wednesday—just before the second round of votes on the Finance Bill amendments—certain questions were being asked about what it all really meant. Certainly nothing appeared to be going according to plan, and indeed there was no plan; except on the Government side to hold out as best it could and that of the Opposition, to make the token gesture.

There was no guarantee that the Tory amendment cutting the standard rate would be passed. The ways of Parliament are not devised for Government defeats on the Finance Bill. The Opposition can table amendments opposing Government plans to raise revenue or to change taxation, but it cannot then add amendments which would allow the revenue lost to be recouped in some other way. That is the prerogative of the Government. The Opposition today thus finds itself in an odd position.

It makes no sense for the British Government to encourage their departure. Equally, the Government must keep in mind the need to stimulate the smaller British independent companies, which are capable of making a significant contribution in the North Sea; these are the ones most likely to be hit if excessively restrictive conditions are imposed in the sixth round.

A more fundamental question concerns the combination of BNOC's roles as referee and player in the North Sea. On the one hand it is in direct competition with the oil companies; its trading activities are growing and there is at least the possibility that it could move downstream into oil refining or even petrochemicals. On the other, it has a regulatory role, monitoring the performance of the industry and advising the Government on policy decisions. There are fears that information obtained from its regulatory function could be used to its advantage as a commercial enterprise.

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Perhaps the time has come for the Government to choose which of two directions BNOC should follow. Should it concentrate on the job of regulatory agency and give up its ambitions to become a fully-fledged oil company? Or should it live off its regulatory functions to the Department of Energy and carve out its own position in the oil business, but without the privileges which it now enjoys? Without some clarification of BNOC's objectives, the conflicts between its many roles are likely to become more acute.

Given such a discrepancy on a short-term view, it comes as no surprise to discover that the variations over the longer term are wider still. For the 12 months to November 1 this year, estimates for the FT 30-share index range from 450 to 570, while those for the Dow Jones ranged from 940 to 1,350.

It has been said that that came about because Mr. Enoch Powell and Mr. James Molyneaux, the Party leader, wanted either to support the Government or to abstain, but were outvoted at a party meeting. In fact, such a meeting did not take place, though Mr. Powell may, of course, have sensed the way the wind was blowing and trimmed accordingly.

The view of the Government has also begun to change since Monday. Mr. Denis Healey, the Chancellor of the Exchequer, said then that if the Government were defeated, it would watch the situation closely in the coming months before deciding whether it was necessary to take compensatory action. One possibility was that the borrowing requirement might turn out to have been exaggerated, and there would be no need to do anything.

Mr. Healey was talking mainly about a defeat on the standard rate. The success of the Opposition amendment on Wednesday, however, on the higher rates of tax means that action of some kind is now thought almost unavoidable.

The Government will still wait a while, watching the economic indicators and especially the PSBR. But by July—when the Finance Bill will be in its Report Stage—it will go to the House and ask for more revenues. The precise form in which this will be done is still open, but the thinking now is that the Government will be prepared to make it a matter of confidence. The irony is that that will probably not be necessary.

There may be some argument about how the revenue should be raised—an increase in VAT, excise duties, the payroll tax or whatever—but it is most unlikely that the Tories would refuse supply completely. They have made their point, which was after all only to show the kind of changes a Tory Government would introduce.

There are other reflections. On the Government side it is admitted that this week's events have made the postponing of a general election beyond October more difficult, though not impossible. On what might be called the economic indicator theory of politics there are also signs that the Government is coming to believe that October might well be the best time—the mortgage rate, for example, has again become a point of speculation.

There is a growing awareness, too, of the form that the election campaign might take. It will be about the economy, and here not everything favours the Tories. The Government have been given well over £50,000 a year to earn a living.

It is a bad platform for Labour to fight an election on issues that it might well defend in the country.

A number of opinion polls have suggested that Mr. Healey's Budget was the most popular in recent years, which may of course not be saying much but which could still help the Labour Party. It was presented as a Budget designed to do most to help those with little or modest means. The Government may not like being defeated, but it was defeated this week on issues that it might well defend in the country.

The Government will also use the argument that Labour is the party of fiscal responsibility, the party that knows the problems from experience and can work with the trade unions. If the markets do turn sour in the summer, one can foresee some bitter accusations about who is to blame—the Tories for upsetting the Budget strategy or Labour for a strategy that would not have worked in any case.

Labour could point out that the cut imposed by the Opposition in the standard rate of tax does nothing at all for the lowest paid.

Moreover it offers only 27p a week to those on average earnings, and even some of that might be taken away if there have to be compensating increases in indirect taxation.

The amendment affecting higher rates, by contrast, gives over £450 a year to someone earning £25,000, and indeed if the amendment on the highest rates had gone through, some one on £50,000 a year would have been given well over £5,000.

At the same time, the amendment on higher rates probably does very little either for middle management or for skilled workers.

It may be the case that the Tory

Government no doubt will also use the argument that Labour is the party of fiscal responsibility, the party that knows the problems from experience and can work with the trade unions. If the markets do turn sour in the summer, one can foresee some bitter accusations about who is to blame—the Tories for upsetting the Budget strategy or Labour for a strategy that would not have worked in any case.

Much will depend on whether after the excitement of this week the Tories can keep their nerve. The signs at present are that they are prepared to defend their amendments on the grounds that relief for the higher paid is one of the few ways of restoring incentives to the economy. They remain vulnerable, however, to the charge that they have yet to show precisely what their amendments will bring about. The few expenditure cuts suggested by Sir Geoffrey Howe could not easily have been quickly implemented and anyway did not amount to very much in money terms.

The detailed Tory expenditure cuts probably do very little either for middle management or for skilled workers.

Because of the "incentive economy" may prove very difficult to operate in a hostile world economic environment. It is possible that the economic indicators which everybody is watching may help



This week the Ulster Unionists leaned once again towards the Tories: Mr. James Molyneaux (left) and Mr. Enoch Powell.

Freddie Marshall

the Tories to return to power, but then make it harder for them to put their policies into practice.

Not least, one cannot help noticing that the Tory Party still tends to speak with two voices—Mrs. Thatcher's and that of much of the rest of the Shadow Cabinet. The debate on the Finance Bill this week saw the party united after a period of genuine Shadow Cabinet discussion. But there have been other subjects on which Mrs. Thatcher has spoken in tones, if not in terms, that would not have been used by some of her colleagues. He remarks on the trade union in her speech to the Bow Group last Saturday were an example: they may have been taken out of context in the Press, but there are some Conservative members who believe that the best thing is to do about the union is to keep quiet.

Mrs. Thatcher may be right: the best way to power is through attack and the presentation of a distinct alternative. And, of course, if that is the way she chooses, no one is going to be able to prevent her. This week it seems to have worked. But in general there is still a school of thought that the party should rely less on stridency than on gentle persuasiveness. Perhaps for the time being the Tories can have it both ways, but as the election approaches that will become harder, especially if, as many suggest, it is to have distinctly Presidential overtones.

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Observer

# Why Rolls-Royce is waving the Stars and Stripes

By MICHAEL DONNE, Aerospace Correspondent

THE TALKS which Mr. Eric Varley, the Secretary for Industry, is holding this week and next with the chiefs of U.S. aircraft companies are intended to help the Government to decide, in effect, the entire commercial future of Rolls-Royce, the State-owned engine manufacturer, probably also that of British Airways. This is because the airframe decisions involved in enabling Britain to share in the big markets for new airliners that lie ahead in the 1980s will be closely linked with Rolls-Royce's long-term engine development plans, and with the future procurement policies of British Airways.

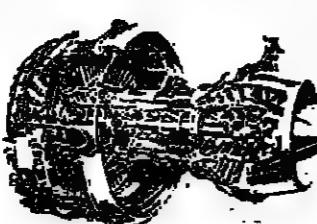
It is clear, therefore, that Mr. Varley's approach to the talks in London is concerned with a good deal more than the declared aim of enabling him to discover what kinds of collaborative programmes the American companies are prepared to offer British Aerospace.

The world markets for aircraft in the future are estimated to amount to about \$75bn. (or nearly \$40bn.) covering about 3,000 airliners of all kinds, but with the bulk of the market, worth about \$32bn. (over \$16bn.) concentrated in the medium range field, and about \$15bn. (over \$7bn.) in the short-range field.

All the U.S. manufacturers have plans to build various types of new jets to meet these needs. Boeing is offering a new family of jets, the 737 twin-engined 160-seat short-range jet, the bigger 767 200-seat twin-engined aircraft, and the three-engined medium-range 777, also a 200-seater. McDonnell Douglas is considering a short-to-medium range Advanced Technology transport (the ATMR), together with a bigger DCX-200 that would seat 200. Lockheed has plans for a short-to-medium range version of the TriStar, ing 200—while there is also the Joint European Transport (or JET), which is being designed in several versions, seating between 130 and 163 passengers.

For British Aerospace, the decision about which way it ought to go in collaborating on a new civil jetliner programme for the 1980s is important, but not so vital as it is for Rolls-Royce and British Airways. This is because British Aerospace is now so broadly based—in military aircraft, guided weapons, space research as well as civil activities—that its non-civil side accounts for probably as much as 60-70 per cent of its total workload. Of the civil programmes, undoubtedly some are running down rapidly, such as Concorde at Filton near Bristol, and Tridents at Hatfield. But there is still a strong workload for the HS-125 executive jet, the HS-748 feeder-liner, wings for the A-300 Airbus, and to a lesser extent for One-Eleven airliners (although this could improve if current talks with Romania and Japan produce orders).

If the Government were soon to authorise the go-ahead for



the L1011-400, and a smaller, twin-engined variant, the smaller, HS-146 feeder-liner—as well it might—some of the urgency about the need for a new short-to-medium range jetliner would disappear. The HS-146 would take up much of the slack currently emerging on the civil side. This would leave British Aerospace in a better position to consider more calmly the prospective merits of collaborating with either Western Europe or the B-10 version of the Airbus, and on the JET, or with one or another of the programmes being offered by the American companies.

Contrary to some impressions, British Aerospace remains open-minded about its future collaborative partners: what it wants is the best new civil jetliner programme it can get.

British Aerospace recognises that it must settle the collaboration issue sooner or later. It cannot build a new short-to-medium airliner by itself, but it still wants some share of the big markets in the 1980s. But it does not accept some of the recent suggestions that deadlines on collaborative decisions are drawing closer. It believes that despite those pressures, the U.S. airline scene is less stable than many had thought it might be by now, and that some of the major "launching airlines" for new jets, such as United, American and Delta, may well be inclined to hold back a little longer before committing themselves. If this is so, British Aerospace feels it has got at least another couple of months in which to weigh all the factors in the European versus American debate.

But for Rolls-Royce the situation is different. While the company is a major contributor to the U.K. defence programme with such engines as the Pegasus for the Harrier, the Adour for the Anglo-French

Jaguar and the RB-199 for the other new engines—the GR-432 of about 15,000 lbs thrust that would in effect be a replacement for the existing Spey engine, and the RB-401, of about 35,000 lbs thrust, as a new engine for business jets like the HS-125.

Of all these, the RB-211 is by far the most important—especially the 535 and 524 versions. The 535 is regarded by Rolls-Royce as ideal for use in the proposed Boeing 757 short-range transport of about 160 seats, and in the Boeing 777. The Dash 220 version of the RB-211 of about 42,000 lbs thrust would be ideal for the Boeing 767 "big twin," also aimed at short-to-medium ranges.

The McDonnell Douglas ATMR and DCX-200 series, and the projected new versions of the Lockheed TriStar also all specify various versions of the RB-211.

It plans to supply these markets in three ways. First, by continued development of the existing versions of the RB-211 engine, as used in the Lockheed TriStar (the Dash 228 of about 42,000 lbs thrust), and the Dash 535 of about 50,000 lbs thrust, as used in the Boeing 747 Jumbo jet. Secondly, by pushing on with new versions of the RB-211, and especially

the Dash 535 of about 33,000 lbs thrust, and further derivatives of the 524, up to 55,000 lbs thrust, and even beyond. Thirdly, with the possible development, depending upon available resources, of two

Rolls-Royce has spent about £20m. on the 535 so far, but the big spending of about

£230m. has still to come, and for the 535 in the proposed 200-seat B-10 version of the aircraft, if that aircraft is eventually launched. But Rolls-Royce does not see these as anything more than possibilities at present and certainly far less attractive ones than those beckoning in the U.S.

Similarly, the proposed Joint European Transport (JET) is currently being offered in all its variants with the Franco-American (Sneema-General Electric) CFM-56, an engine of upwards of 22,000 lbs thrust. Rolls-Royce has discussed the 535-535 combination with many other airlines in the U.S. and round the world, and believes it could be on to a winner if it is allowed to get on with the programme.

In support of its arguments, Rolls-Royce can point to the fact that the RB-211 is already making profits, amounting to £34m. for the U.K. Government on the first 535 engines delivered so far, or £53m. before taking account of certain financial contributions which have to be repaid to the Government before calculating net profits. These figures do not include the work now being done on the 524 version, which started much later than the Dash 22 version of the engine, and on which profits have yet to emerge. But big markets are also seen for the 524, as the demand for Tri-Stars and Jumbos using this 50,000 lbs plus thrust engine expands.

Against this prospect of a massive market for the RB-211 in all its versions in the various U.S. airframes, Rolls-Royce sees a much less attractive situation in Western Europe. While it does not entirely dismiss the possibility of eventually getting the Dash 22 or 524 versions of the RB-211 into the A-300 Airbus, that aircraft is at present being marketed on the basis of using the U.S. General Electric CF-6-30 series and more recently also the Pratt and Whitney JT-9D. Thus accounts for the current Rolls-Royce anxiety to promote, primarily a British Airways purchase of the 737 separately from that airline's more immediate interest in the 737. Rolls-Royce would also like to see British Aerospace taking a significant share of the airframe work on the 737.

It believes that the combination of Rolls-Royce, British Airways, British Aerospace and Boeing would search through world markets. But even if British Aerospace were to take the European collaborative road, Rolls-Royce still believes that the combination of itself, British Airways and Boeing, with some big U.S. partners such as General Dynamics in place of British Aerospace, would still prove to be virtually unbeatable.

## Letters to the Editor

### Realignment in accountancy

From the Executive Director, Society of Company and Professional Accountants.

Sir—The accountancy profession has been passing through troubled waters in recent years, and probably occupies a lower place on the scale of "public esteem" than it has ever done before. But a few notorious industrial failures, a few ethical

failures and a prolonged and apparently inexcusable but of academic schizophrenia in the matter of inflation accounting are merely symptomatic.

Mr. R. J. Bullard (May 5) has identified the underlying weakness: the structure of the profession is entirely unsuited to its services. It seeks to offer, and wilfully confuses, two quite distinct functions—that of the public accountant and auditor

that of the industrial accountant. The two require fundamentally different attitudes of mind which can be developed only within their different spheres of activity and by different programmes of education and training.

Mr. Bullard calls for "grass roots business appreciation through considerable exposure to the industrial environment" on the part of the full-time company-employed accountant—or he must be trained for business in business.

An "outsider" can be as intimately involved as totally committed, as directly responsible, as the finance member of the management team (whatever his or her company title or professional affiliation may be).

That the most common failing of very small firms is in the area of finance may well be due to their inability to afford proper accounting assistance—even a monthly chat with the auditor is no substitute for control.

The public face of the accountancy profession is that of the auditor: responsible for the presentation and interpretation of information to external users is its dominant concern. Yet only a minority of accountants are public auditors (and of those a very large number of practitioners are little more than bookkeepers and negotiators of tax liabilities): the vast majority of accountants are employed in an industrial environment, and have objectives, responsibilities, pressures and loyalties quite unknown in public practice.

Until the various accountancy bodies have the courage to overcome their jealous regard for their antecedents, recognise clearly the illogic and inefficiency of their present organisation, acknowledge the dichotomy within it, and bring about a realignment which distinguishes the one from the other, there will be confusion in the public mind and a standard of service which falls short of the public need.

R. Beaucham, 40, Tyndalls Park Road, Clifton, Bristol.

Surveyors' fees

From Mr. S. Scammell, The Chartered Surveyors' Institution.

Sir—The scale-fees of the Chartered Surveyors' Institution for negotiating compulsory purchase compensation are accepted by the Ministries as reimbursable under the Act by the purchasing authority. They have not, however, been increased for many years, and some or all of the members of the Institution, in consequence refuse to carry out such work for the scale fees they wish. This in fact permitting them to charge what they wish. This means, of course, that the unfor-

tunate member of the public frustrating to go to a timber whose property is being yard armed with metric acquired has no prospect of measurements for one's requirements and discover that six years after metrication they are in question (an excess over the scale being paid as the Ministry's only where the work is involved is "abnormal".

Let us not only think metric but measure metric, get metric completely by 1980; and let us get out of this ludicrous dual situation which is wasting everyone's time and contributing nothing to the changeover.

Ronald Bearman, 9 Woodbrook Road, Bournville, Birmingham.

### Division in shipbuilding

From the General Secretary, Engineers' and Managers' Association.

Sir—Mr. Mortimer's reply, in your issue of May 2, to my letter of April 27, in which I said that ACAS had made no effort to try to conciliate as between the Confederation of Shipbuilding and Engineering Unions and my own association only confirms exactly what I said. On the basis of one meeting with each of us he found our respective views "irreconcilable." It is not just my association which finds this simplistic attitude unacceptable.

The Board of British Shipbuilders, having received this advice from ACAS, proceeded

unanimously to decide that it would make a major effort to bring about a resolution of the differences in the shipbuilding industry. It appreciates as in

the fact that the client cannot

then recover the excess from the Ministry.

S. E. Scammell, East Fazlley, Saltaire, West Yorkshire.

### Unions and the professions

From the general secretary, the Institution of Chemical Engineers.

Sir—Alan Pike's throwaway

comment in the final paragraph

of his article on "Casting

nets for management" (May 8) completely misses the point. The members of both ASLEF and the NUR are essentially drawn from the same craft base. The question of separate unions for "professional propulsive in any given sector is a wholly separate issue to that of its members' professional advantage.

S. P. Best, 29, Church Road, Tiverton, Somerset.

### What solicitors are paid

From the Chairman, British Legal Association.

Sir—Since the publication last

week of the survey of solicitors'

incomes (commissioned jointly

by the Law Society and the Royal

Commission on Legal Services)

there has been a deafening

silence from those who criticise

solicitors and have alleged un-

truthfully that all of them are

making fortunes by batten-

ing to the public. The stark truth

has now been revealed, which is

no doubt why the critics have

been stunned into silence.

The facts are that the median

earnings of solicitors in sole

practice, after allowing for the

cost of capital invested in their

practices, amount to £4,800 per

annum. If the solicitor does

nothing else but litigation (that

is, practises in the courts and

tribunals) his median real ear-

nings were calculated as £4,100

per annum. Many solicitors are

indeed in a precarious financial

state. Their income is geared

largely to scales of fees approved

by Parliament many years ago

which successive governments

have failed to increase to any

significant extent.

There is now a ray of hope.

It comes in the judgment of Lord

Denning, presiding in the Court

of Appeal in the case of Staffs-

hire Area Health Authority v.

South Staffordshire Waterworks

Company. Lord Denning held

Mellish's crocodile tears in suggest-

ing that smaller units should be

used to bring life back to the

Thames, following the possible

bankruptcy of the PLA, if he

put his actions where his mouth

was.

At a meeting in Newham three

years ago, when I suggested that

our yacht manufacturing com-

pany might open a small yard

on the Upper Thames, Mr.

Mellish, of the PLA, informed me

that an agreement, whereby a

part of London was not

interested in products made for

them which contained no pro-

cessed overseas, that is, yachts for

termination, did not export. The

only thing in his

view that was worthy of the

waterworks company view that was

obliged to

## COMPANY NEWS + COMMENT

## Burton's £6.4m. turnaround at midway

WITH TURNOVER little changed at £78.25m, against £78.75m, Burton Group recovered sharply in the February 25, 1978, half-year from a £1.4m. loss to a £3.01m. profit.

In the first 10 weeks of the second half sales have been 1 per cent. above last year, although directors point out that the comparison is distorted by shop closures. In view of the continuing problems of the menswear sector they say it is too early to give any indication of full-year profits. Last year the pre-tax loss totalled £5.05m.

The half-year profit consists of a £6.34m. operating profit (£20.95m.) and a £23.000 (nil) profit on the sale of properties, and is after interest charges down from £2.8m. to £1.61m.

A steady 0.6p net per 25p share interim dividend is to be paid. A 0.9p final was paid last year. Directors have waived payment of the interim.

The result is before extraordinary losses of £3.48m. stemming from the closure of Jackson's Tailor.

Directors say the menswear sector still has major problems to overcome but achieved a modest profit in the half-year.

Within the sector, manufacturing and Jackson made considerable losses. In March the integration of Jackson with Burton was announced. This involves the closure of a factory and a number of shops. Jackson will however retain its own identity in the North of England.

On women's wear the performance of Top Shop and Peter Robinson was again outstanding. Peter was profitable and is maintaining steady progress. In menswear profits still exist although the loss has been reduced.

Total borrowing remained steady, they say.

The comparative figures for 1976-77 have been restated to conform with a decision to deduct "other costs" on arriving at the pre- and the method of determining extraordinary items admitted in the last accounts.

The Board intends introducing a profit sharing scheme for employees on the lines outlined in the last Budget statement and will also recommend the introduction of a share option scheme for senior executive share stakes.

See Lex

## Midterm rise for Warner Estate

On turnover little changed at £12.50m. against £12.5m. pre-tax profit of Warner Estate Holdings' property investment group, rose from £288.399 to £415.230 for the half year to March 31, 1978. Profit for the whole of the 1976-77 year was £170.250.

Net proceeds of sales of houses and flats totalled some £790.000 for the six months after estimated tax of £1.2m.

Half-year earnings are shown as 2.1p (1.82p) per 25p share and the interim dividend is increased from 1.5p to 1.4p net—last year's final was £0.853p. Net profit was £21.100 (£19.250) after tax £23.040 (£19.532).

## INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Appleyard	27	5	Lloyds & Scottish	26	3
Atlas Elec.	27	3	London & European	27	3
Brycourt Inv.	28	8	Majedie Inv.	24	6
Burnah	26	6	Midland Inds.	24	5
Burton	24	1	Morris & Blakey	24	3
Caplan Profile	26	5	Newman Inds.	24	5
Copydex	24	5	P. & O.	27	1
Currys	26	6	Huberoid	26	8
Fairey	28	7	Scot. European	24	5
Findlay (Andrew R.)	26	4	Singer & Friedlander	28	2
Gieves Group	24	4	Sunlight Service	28	7
Hall (Matthew)	24	7	Thomson Orgn.	28	1
Herman Smith	24	5	Turrif Corp.	24	3
Holt Lloyd	24	7	Walker (C. & W.)	27	3
Inter-City Inv.	24	2	Warner Estate	24	1
J.B. Holdings	26	3	Williams (John)	24	7
King & Shaxson	24	1	Wood Hall Trust	28	1

The final dividend is 2.36p for a total of 4.11p (same).

## Gieves up 58% to £1.24m.

AFTER RISING from a depressed £204.000 to £654.000 in the first half pre-tax profits of Gieves Group finished the year to January 31, 1978, 38.4 per cent. higher at £1.24m. against £0.70m. on turnover up 30.6 per cent. to £22.1m.

Pull year earnings are shown at 15.3p (10.8p) per 25p share and as forecast, the final dividend is 3.9678p net for a maximum permitted 4.4678p (4p) total.

Turnover Trading profit Interest payable Profit before tax Net profit Extraordinary debit Paid dividends Ordinary dividends Retained Credit.

Trading profit was split as to tailoring and outfitting (Gieves) and Hawkes (£21.000 (25.100)). Book manufacturers and stationers printed (Reduced from £195.000 to £121.000 loss); mechanical binding systems (James Burn Bindings) £624.000 (£518.000); motor dealers and car park operators (Mamors) £237.000 (£145.000); and parent company (£85.000 (£102.000)).

Mr. Michael Keeling, the chairman says that trading budgets for the current year aim to profits somewhat in excess of those now reported, but each of the four divisions is known to have special problems to overcome during 1978-79.

## • comment

Gieves profit performance, though 30 per cent. up last year, is measured by a second half, which is a tenth lower than the previous six months and only marginally ahead of the comparable period. Due to a buoyant first half at the men'swear division, thanks to tourist buying, Gieves ran up against Price Commission margins and it had to drastically cut prices in the first half of the 1978 level.

After tax, net profit for the year was up from £282.000 to £377.000. Earnings per 25p share are shown at 18.3p against 12.0p last time. The dividend is up from 2.075p to 2.334p net.

Full year earnings are shown at 16.13p (10.44p loss) per 25p share and the dividend is lifted from 0.125p to 0.16p net with a final of 0.4p.

Mr. J. Harris, the chairman, says the textile division had a disappointing year. Although the reorganisation of this division resulted in higher gross profit margins, the turnover fell short of that anticipated, particularly in respect of exports.

Market conditions tended to be erratic and this has continued into 1978. However, orders are now being received for the autumn season and, if this demand continues, the second half should show improvement.

The wholesale distribution division achieved a profit of £224.138 as against a loss of £40.000 for 1977.

## Record £1m. for Turrif

ALTHOUGH TURNOVER declined from £36m. to £34m. pre-tax profit of Turrif Corporation, engineering contractor, climbed 30 per cent. from £0.81m. to a record £1.1m.

At half-year profit was £0.600 higher at £0.35m. and full-year profits were expected to exceed £1.000.

After tax, net profit for the year was up from £182.000 to £237.000. Earnings per 25p share are shown at 18.5p against 12.0p last time.

The dividend is up from 2.075p to 2.334p net.

Morris and Blakey tops £0.3m.

Turnover from a loss of £144.830 in pre-tax profits of 1976-77 was achieved by Inter-City Investment Group for 1977 and turnover of £8.82m. against £8.74m. At midway a surplus up from £92.000 to £105.000 was reported.

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1040 Brussels. Telephone: 010 322 219 32 88  
Telex: 61182

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Atlas Electric	1.3	June 16	1.1	1.8	1.6
Brocourt Inv.	int.	June 20	—	—	1.5
Burton	0.6	Oct. 2	0.6	—	1.5
Caplan Profile	1.5	July 31	1.5	4.70	4.74
Copydex	1.34	July 3	1.34	2.24	2.24
A. R. Findlay	1.17	June 15	1.05	1.7	1.7
Hermon Smith	1.01	July 10	1.01	1.01	1.01
Holt Lloyd	5.22	July 3	4.76	7.08	5.61
Inter-City Inv.	0.4	July 28	0.3	0.5	0.5
J. B. Holdings	0.08	July 6	0.49	1.06	0.96
King and Shaxson	2.39	June 16	2.03	3.39	3.07
Lloyds & Scottish	1.7	Aug. 1	1.34	3.95	3.95
London & European	1.0	July 7	0.48	0.98	0.98
Midland Inds.	0.53	Aug. 1	0.53	5.17	5.17
Morris & Blakey	1.08	July 3	1.08	4.11	4.11
Newman Inds.	13.63	July 14	1.2	5.17	5.17
Scot. Eur. Inv.	1.2	—	—	0.25	0.25
Sunlight Services	0.78	June 16	0.7	1.14	1.03
Turrif Corp.	2.35	July 3	2.35	2.08	2.08
C. and W. Walker	3.5	July 3	1.55	7.6	7.6
Warner Est.	1.4	July 3	1.4	2.66	2.66
Williams of Carlisle	0.71	July 3	0.71	2.18	2.18

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

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Dividends shown

## National Newspapers

Times Newspapers publishes The Times, The Sunday Times, The Times Literary Supplement, The Times Educational Supplement and The Times Higher Education Supplement. It is owned to the extent of 85% by The Thomson Organisation, the remaining 15% being owned by Astor family interests. Since 1970 financial responsibility for The Times has been borne by the Thomson family and its results are excluded from The Thomson Organisation figures.

Times Newspapers has a separate Publishing Division consisting of three subsidiaries: Selective Marketplace, Times Books and Newspaper Archive Developments, specializing respectively in reader offers, the publishing of books such as The Times Atlas, and microfilm.

## Regional Newspapers

Thomson Regional Newspapers is a holding company, whose subsidiaries publish regional newspapers in the United Kingdom, act as retail newsagents, provide newspaper consultancy services and engage in newspaper and general printing. The Regional Group publish fourteen morning and evening titles, on Sunday and thirty-five weeklies from fourteen centres.

Among the Group's publications are The Scotsman and the Western Mail, the national morning newspapers of Scotland and Wales respectively, and the Belfast Telegraph, the largest newspaper in Northern Ireland.

## Publishing & Information

Thomson Publications operates in three main divisions, Books, Magazines and Data. The Books Division includes such well-known imprints as Thomas Nelson, Michael Joseph, Hamish Hamilton, Rainbird and Sphere Books. The Magazine Division publishes a range of titles as diverse as The Illustrated London News and the Common Market Law Reports, Family Circle and Living and a number of trade and technical publications covering farming, medicine, construction and many other activities.

The Data Division includes Derwent Publications (75% owned) which provides an information service primarily in the field of chemical patents, and Glass's Guide (50% owned), the guide to used car prices. Thomson Publications has a number of overseas interests in Australia, Canada, the United States, Denmark, Norway, Holland, Spain and South Africa.

Thomson Yellow Pages acts as sole sales agents for advertisements in Post Office telephone directories.

## Travel

Thomson Travel is the controlling company of the travel division and, through Thomson Holidays, is a major tour operator providing a wide range of package holidays including not only sunshine holidays in Mediterranean resorts but also tours to many European cities as well as to Russia and China. In addition it has an attractive winter sports programme.

It owns its own airline, Britannia Airways, which currently operates 17 Boeing 737s and carries not only for Thomson Holidays but for other tour operators. In addition, Thomson Travel operates a number of hotels notably in Spain and Malta and is involved in travel retailing through its subsidiary Lunn-Poly.

## Other Activities

Other principal subsidiaries of The Thomson Organisation include Thomson Withy Grove, a major printing centre in Manchester which is responsible for printing under contract the northern editions of certain national newspapers as well as for the publication of the well-known racing paper The Sporting Chronicle.

Associated companies of The Thomson Organisation include Wiggin Poland Holdings, The Solicitors' Law Stationery Society and Bertelsmann-Thomson Fachverlag.

## Oil

Thomson North Sea is a subsidiary of Thomson Scottish Associates, the parent company of The Thomson Organisation, which has an option to acquire 90% of the oil interest. Thomson North Sea holds a 20% interest in the Piper and Clamshell Fields as a member of the Occidental Consortium. The two fields together have been independently certified as containing proven recoverable reserves of one billion barrels. The Piper Field came on stream in December 1976 and Clamshell in November 1977. The Thomson Organisation will take advantage of its rights under the option arrangements when it deems that the risks have been sufficiently reduced, and it is anticipated that this will occur in the foreseeable future.

Thomson Scottish Petroleum, another subsidiary of Thomson Scottish Associates, holds the Thomson 20% interest in other Fourth Round blocks and the Thomson 9.8% interest in a Fifth Round block, awarded to the Occidental Consortium and BNOC. All these North Sea interests are subject to the option.

# It has paid to build for the future

GROUP RESULTS	1977	1976	£'000	£'000	+
Turnover	332,680	284,541	17		
Trading profit	22,541	17,103	32		
Profit before taxation	19,567	15,184	29		
Profit retained for year	4,815	2,227			
Earnings per share*	5.71p	3.74p	53		
Ordinary dividends - net*	1.97p	1.78p			
Ordinary dividends - gross**†	2.98p	2.71p	10		
Dividend cover	2.9	2.1	38		

\*restated for capitalisation issue in February 1978.

†maximum permitted.

## A substantially increased trading profit

The Chief Executive reports the year's trading profits as £22.5m, an improvement of 32% over 1976, and the highest in the company's history.

The group turnover was £333m, some £48m (17%) higher than last year, and trading profits were £22.5m, an improvement of £5.4m (32%) over 1976. Earnings per share, restated for the capitalisation issue in February 1978, were 5.71p compared to 3.74p, a growth of 53%.

The first Lord Thomson said: "It pays to build for the future" and with our 1977 results showing significant real growth these words are being vindicated.

Three factors have helped our success: the philosophy of thinking and planning long term, the right people for our businesses, and their freedom in managing them. We are now beginning to enjoy the benefits of the plans laid many years ago. It has taken patience and determination to bring us to our current position of strength and opportunity.

## Our future prospects are firmly based

We anticipate further significant growth in our earnings, with the usual caveats about the behaviour of the national economy and possible dislocation due to industrial disputes.

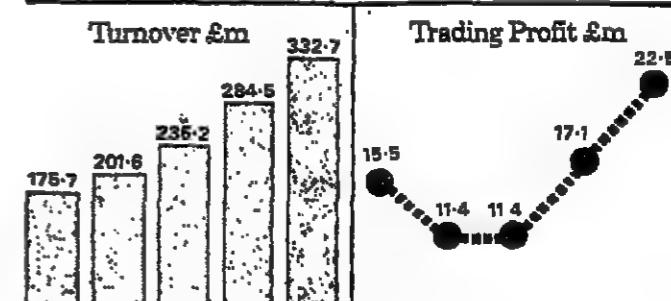
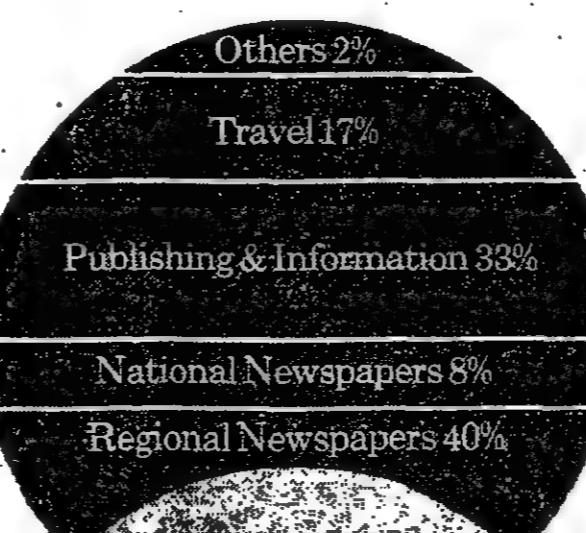
We have a strengthening asset base and good businesses, and it is our people who have made them so. In thanking them for their efforts, particularly in the difficult times, I know they are looking forward to the great opportunities to come, and which they have done so much to create.

The changes in the fortunes of the company are due to two main factors: the continuing and growing strength of our existing businesses, and the substantial cash flows that will be available from oil.

By 1978 the company's growth rate is likely to be at the higher end of British industry's performance and it should be maintained over the next few years. This will enable us to take the longer term view in planning our investments while continuing to strengthen our financial base.

We shall therefore be giving high priority to

## Break down of trading profit before costs not allocated



investment in our existing businesses in the newspaper, communications and information sectors. By the end of this year more than £90 million will have been spent since 1970 on the increasing build-up of capital assets in the U.K. This does not include North Sea investments which bring the total to near £300 million, much of it in Scotland.

We shall be allocating limited resources to achieve controlled and steady growth in the travel and leisure business, and we shall continue to invest in oil development and other natural resources at home and overseas as the opportunity arises.

Our aim is to be a leading international publishing, communications and information business with strong interests in leisure and natural resources.

The above is a summary of the Chief Executive's Report for the year ended 31st December 1977. The full Report and Accounts can be obtained from the Registrar, The Thomson Organisation Ltd, York House, 37 Queen Square, London WC1N 3BH.



# The Thomson Organisation Limited

4 Stratford Place, London W1.





# Thomson Org. sees growth and plans to invest heavily

FURTHER SIGNIFICANT growth in earnings is anticipated by the Thomson Organisation for the current year and from existing activities alone the directors expect to sustain a record capital spending programme from internally generated cash flows. Mr. G. C. Brunton, the chief executive, tells members.

Even so 1978 will not reflect to the full the benefits of major modernisation and capital investment carried out in recent years. Since 1970 the group has invested over £90m. in an increasing build-up of its capital assets in the UK, excluding the cost of acquisitions. Including investment by Thomson North Sea the total rises to some £200m.

Capital expenditure committed at the end of 1977 amounted to £19.4m. (£13.23m.) of which £11.9m. (£8.23m.) had been authorised but not contracted.

Thomson Regional Newspapers, Thomson Publications and Thomson Yellow Pages see as well set for a successful year with advertising revenues rising, and current indications are for an exceptionally strong performance by the travel companies. Bookings are very good and load factors should be high. Acquisition of two additional aircraft from Britannia Airways has been agreed and they will be delivered during the year, Mr. Brunton reports.

He points out that Times Newspapers will introduce new technology during the year. Computerised standards will not be involved but he warns that should there be disruption during the change-over it must inevitably affect the directors' judgment as to the extent of further investment in this subsidiary, where a major need for the future is the development of a company to serve the marketing potential of The Times, The Sunday Times, the supplements and future developments.

"New equipment and modern

methods in our newspaper activities ahead at £5.37m. (£1.71m.) and these will continue to give us the bank overdrafts and loans cut to opportunities of reducing costs and £3.99m. (£1.31m.). Charitable creating new market opportunities donations amounted to £39,000 to achieve significant growth (£23,000). No political contribution to our traditional business," said Mr. Brunton says.

The company has close status to be given to investment in the group's existing UK businesses and the newspaper, communication and information sectors, but there are constraints in terms of size and market penetration and it will not be possible to develop on the scale envisaged solely in this country. The directors therefore anticipate that the overseas interests of the company will be expanded very considerably over the next decade.

North Sea oil cash flows should exceed the requirement needs and the scheduled debt repayment during 1978. This will give the directors the opportunity to take advantage of the company's rights under the option arrangements in this arrangement the company will be responsible for the newspaper will revert from the Thomson son family back to Thomson Organisation.

The Sunday Times improved trading profit by £2.6m. and for Times Newspapers, including The Times, there was recovery at the trading level from a £1.8m. deficit to a profit of £24.000 and it is expected that during 1978 financials will revert from the Thomson son family back to Thomson Organisation.

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"Nevertheless our national newspaper are still not providing an adequate return by normally commercially accepted standards." Mr. Brunton comments. He adds that 1977 saw an unprecedented wave of industrial disputes. The cost of these to Times Newspapers was around £1.1m.

The professional organisation of the group's major UK properties resulted in a £10.3m. surplus over net book value which has been credited to reserves.

A change in the basis of accounting at Thomson Yellow Pages to reflect more realistically the terms of business reduced trading profit by about £1m. Net liquid funds at year end were up £7.18m. (down £37,000) with bank balances and cash at noon.

## Wood Hall downgrades forecast

ON LOWER turnover of £100m. against £205m. pre-tax profits of Wood Hall Trust fell from £2.0m. to £1.98m. in the half year to end 10/77.

However, after lower tax of £7.47m. (£1.31m.), minorities of £23.5m. (£1.01m.) and extraordinary profits of £1.35m. (£0.66m.), the attributable balance is ahead from £0.65m. to £2.34m. Mr. Michael Richards, the chairman, says profits for the half year are disappointing but should not be treated as indicative for the full year. This year for reasons related to the businesses of certain members, second-half profits should show an appreciable improvement over those for the first. However, full-year profits will fall short of the expectation that they would be comparable to those shown last year for the continuing operation that is, £2.51m. before deduction of the loss of £2.20m. for the discontinued operations of Wood Hall Australia.

Returns and estimates indicate that full-year profits, after expenses but before tax and minority interests, should be in the order of £4.75m.

In addition, extraordinary profits will be increased by, in particular, realisations from discontinued operations from Wood Hall Australia, to over £1.5m.

The directors expect to recommend a maximum permitted dividend equal, assuming the tax rate at 34 per cent., to 32.27 per cent. (20.40 per cent.) gross.

On Wood Hall Australia, the chairman says that half-year profits from continuing operations were restored from the low for the first half year, when no substantial provision was made for its share of the loss on the Wollert to Albury pipeline contract, to approximately the average of the profits shown by the four comparable first halves of 1972 to 1977 inclusive.

In April, 1978, after the commencement of arbitration proceedings, a settlement was reached with the loss incurred of about £62.0m. of the claims, for which no value had been taken, under the Wollert to Albury pipeline contract. After deduction of the substantial costs incurred, a sum of over £650,000, being exceptional profit, will accrue to Wood Hall in respect of its share (70 per cent.) in the contract.

The position of the Gidgealpa/Sydney pipeline contract remains substantially the same as given in the 1977 accounts. The price has been increased, as the pipeline is now in use, and the attributable balance is £1.35m. (£0.66m.). The attributable balance is ahead from £0.65m. to £2.34m. Mr. Michael Richards, the chairman, says profits for the half year are disappointing but should not be treated as indicative for the full year. This year for reasons related to the businesses of certain members, second-half profits should show an appreciable improvement over those for the first. However, full-year profits will fall short of the expectation that they would be comparable to those shown last year for the continuing operation that is, £2.51m. before deduction of the loss of £2.20m. for the discontinued operations of Wood Hall Australia.

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The Singer and Friedlander European Property Trust is to make a third issue of units on June 16. The Trust, which has built up a European property portfolio currently valued at £12.0m. of the claims, for which no value had been taken, under the Wollert to Albury pipeline contract. After deduction of the substantial costs incurred, a sum of over £650,000, being exceptional profit, will accrue to Wood Hall in respect of its share (70 per cent.) in the contract.

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Beneficial ahead in first quarter

Beneficial Corporation, the major consumer credit concern, raised its net income for the first quarter of this year by 10.7 per cent. to \$27.7m. On a fully diluted basis, this brings net per share to \$1.17 against the \$1.01 for the same period of last year. Average shares outstanding increased from 21.7m. to 22m. agencies report from Wilmington.

## Sunbeam upsurge

With all operating sections ahead and "strong" demand continuing, Sunbeam Corporation, the appliance maker, reports net earnings 6 per cent. higher at \$46m. or \$2.11 per share for the year to March 25, against \$3.01 in the previous year, agencies report. After currency translations, the net comes to \$3.01 against \$2.27.

## Combined Insurance

Predicting new peaks this year for premiums, profits and dividends, Combined Insurance Company of America reports first quarter income before investment gains at \$14.1m. Investment income was \$11.3m. and income per share came to 83 cents against 47 cents for the same period of last year. Agencies report.

## Shipbuilding rise

Overseas Shipholding Group, the shipping concern, reports first quarter net profit ahead by 18 per cent. at \$13m. or \$1.23 against \$1.02 for the same period a year ago. The figure includes an unrealised gain of \$50.6m. on currency translation for the latest period, pointing a loss of \$162.6m. the previous year. The result came on the back of an 8 per cent. rise in revenue to \$24.7m. Agencies report from New York.

## Bengor Punta

Bengor Punta Corporation, the diversified maker of leisure, security, agricultural and furniture equipment, boosted net profit by 29 per cent. in the second quarter to \$5.3m. on sales some 8 per cent. ahead at \$15m. Fully diluted, the per share net comes out at 89 cents against 70 cents for the same period last year. Agencies report from Greenwich.

## NW Steel

Well on the way back after the profit fall in 1976, North Western Steel and Wire reports net profit for the third quarter, almost 130 per cent. ahead at \$8m., to give \$1.06 per share against the 47 cents for the same period of last year. Agencies report from Sterling. Sales for the period were 37 per cent. ahead at \$104.7m.

## Annual Report and Accounts: extracts from the statement of Mr. Alastair Down, chairman.

AP/12/1978

## Reynolds Metals plans to make steel beverage cans

BY DAVID LASCELLES

THE aluminium industry was thrown into some confusion today by an announcement from Reynolds Metals, the country's second largest aluminium producer, that it was planning to go into production of steel beverage cans.

Although the company stressed that its plan was more of a casting test than a change of direction, the news caused widespread surprise because of the great commercial success of the aluminium drinks can. Last year these cans captured more than half the market from steel, and were considered to have a rosy future as they can be easily recycled.

According to Reynolds, there is a growing debate about the merits of steel and aluminium

cans, and the company wants to be in a position to produce either, depending on how the market goes.

Accordingly, it is building a two-line production plant in months, and industry sources now put the price of aluminium cans at 6 per cent. higher than cans. It is also putting up a steel cans plant to produce cans for similar brewing.

But Mr. R. D. O'Donnell, company vice-president and head of its can division, said the venture was a test to assess the relative price of steel and aluminium cans, adding "but we are sure aluminium will emerge the winner on the basis of its cost and acceptability."

Despite Mr. O'Donnell's remarks, the main threat to effects of profit consolidation in aluminium's dominance in the aluminium can market.

## FTC to study Vlasic deal

BY OUR OWN CORRESPONDENT

CAMDEN, May 11.

CAMPBELL Soup and Vlasic Foods, of West Bloomfield, Michigan, have been notified by the Federal Trade Commission that the commission staff is investigating whether Campbell's proposed acquisition of Vlasic complies with anti-trust laws.

The FTC has proposed that, after the consummation of the acquisition and until the probe is complete, the operations of the two companies be kept separate.

Shareholders of Vlasic are to vote on the proposed transaction on May 30.

## EUROBONDS

## Germany considers pause in new issues

BY MARY CAMPBELL

THE German Capital Markets Sub-Committee meeting scheduled for this morning will consider whether to close the market to foreign borrowers altogether for a period of weeks, capital market sources said yesterday.

However, after the difficulties experienced in April, it was agreed that new issues would be scheduled only for the first half of May, with a further meeting to consider the rest of May to take place in June.

The sources in Germany were anxious to emphasise that the closure, if it were to be decided on, would be for a limited period — perhaps two weeks, perhaps as much as four or five weeks. It would, they said, be

a "voluntary" move by the banks which manage issues, rather than a restriction imposed by German authorities.

The background to the potential temporary closure of the market does not lie only in the foreign bond sector of the D-Mark capital market. The domestic sector has been weak recently with too few takers for domestic issues. A desire to cut the pressure on the domestic market would be one factor behind any moves taken at the meeting to day.

The D-Mark foreign bond market has in fact picked up slightly from the lowest points it experienced ten days ago. However, issuing houses say that there is a very large volume of paper overwhelming the market, and they argue that a temporary closure would give the market time for these issues to be absorbed. Among the most

recent issues to be announced was the DM600m. offering for Canada, which was a record size for any single issue.

Meanwhile, one new offering was yesterday announced. It is a DM100m. private placement for the Danish Export Credit Finance institution. It is for a final maturity of five years with an average life of three. Indicated coupon is 5% per cent. and indicated issue price around par. Lead manager is Westdeutsche Landesbank.

A DM40m. placement for Sparbankene Kreditforskningskasse was arranged a couple of weeks ago by WestLB. It offered a 8 per cent. coupon on a 12 year final maturity.

According to market sources, the Norwegian company Eikem has also raised DM40m.

The coupon was said to be 5% per cent. on a 10 year final maturity.



## The Burmah team

Mr. Down is due to the worldwide team represented by our executive staff. Their efforts in ensuring a continuing improvement in the results achieved represent a vital element in assuring the company's future.

## The future

The over-abundance of crude oil tankers in relation to world demand for oil, which Burmah has exposed, its LPG programme, however, provides the prospect of involvement in new-generation energy.

Transportation that should markedly benefit the group in the years ahead, and oil production from the Thistle field will fully stimulate profit and cash flow for a number of years from now on.

We still have problems, and not the least of these is the seriously depressed economic climate in so many of the countries involved in the trade. There can, however, be a time when effective cooperation and understanding between governments, management and shareholders is more vital than ever.

Having said this, my confidence in Burmah's ability to survive and recover from the crisis of 1976 has strengthened in each of the three years with the company. Despite the somewhat sombre economic backdrop, I remain cautiously optimistic in regard to Burmah's future. I believe our team will continue to bring success to its determined efforts to improve the company's fortunes.

## The year at a glance

	1977	1976
£ millions	£ millions	£ millions
Turnover net of duties	856.7	846.1
Net operating profit — excluding shipping	43.4	33.8
Net operating loss — shipping	(36.8)	(39.4)
Net operating profit/(loss)	6.6	(5.6)
Profit/(loss) before taxation	3.5	(8.0)
Loss before extraordinary items	(6.9)	(9.3)
Extraordinary items	(25.6)	2.3
Loss after extraordinary items	(32.6)	(6.9)

To: The Secretary, The Burmah Oil Company Limited, Burmah House, Pipers Way, Swindon, Wiltshire SN1 1RE  
Please send me a copy of the Annual Report and Accounts 1977.

Name: \_\_\_\_\_

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## Fraser development continues

By Robert Gibbons

MONTREAL, May 11.

FRASER Companies, controlled by the Noranda Mines group, is moving into the second phase of major reconstruction and modernisation programme at its Edmundston, New Brunswick and its associated Madawaska, Maine, pulp and paper mills. The company's operations span the Canadian border.

Alcoa is also believed to have changed its policy on cans from one of aggressive pricing in order to penetrate the market to one of "profit consolidation," another way of saying that it will raise prices to what the market wants.

Reynolds, by contrast, claims it has not increased its prices recently, and appears to be keeping an open mind on the future of its profit consolidation in the aluminium can market.

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Bayer 1978 sales will be severely limited

By Our Own Correspondent

FRANKFURT, May 11. BAYER, like the two other West German chemicals industry giants BASF and Hoechst, is making no firm prediction about the likely progress of business this year. Growth, it believes, will be severely limited.

Professor Herbert Gruenwald, Bayer's chief executive is assuming that sales will increase by no more than 2 per cent. on at best 3 per cent. during 1978. He added, however: "Nobody knows what will happen in the second half — whether it will be abnormal or whether it will be a typical year with the usual improvement in the autumn and towards the end of the year."

The Bayer parent company did much better than its two rivals during the first three months of the year. On a group level its performance well exceeded that of BASF and seems to have more or less matched that of Hoechst.

Sales of the parent were up by 5 per cent. in the first three months to DM2.61bn. (\$1.25bn.). This compared with a 6.2 per cent. decline at Hoechst, and a 7.5 per cent. fall at BASF. Home sales rose by 1.8 per cent. while exports were off by 0.8 per cent. Pre-tax profits were of 19.4 per cent. from DM22m. to DM17m.

World turnover increased by 4.3 per cent. from DM5.41bn. to DM5.65bn. but this, for the first time, includes the figures for the newly-acquired U.S. subsidiary Miles Laboratories. Without the inclusion of Miles DM2.65m. first quarter sales, the Bayer world turnover would have dropped by 0.5 per cent.

Professor Gruenwald described the results as unsatisfactory. However, Bayer's figures are, more than most chemicals concern's distorted by currency fluctuations because of its heavy overseas investment.

According to the group sales of subsidiaries and affiliates were good during the first quarter, particularly in the U.S. But after conversion into Deutsche marks the increases in turnover were largely absorbed by the decline in exchange rates.

Bayer, however, is continuing its policy of concentrating the focus of investment overseas.

This year capital investment is planned at DM1.9b., of which the bulk will be spent abroad, allocation to the parent, total DM650m.

No external financing requirements were expected for Bayer AG, the parent for 1978. There were no intentions to increase the concern's capital. As far as subsidiaries and affiliates were concerned, most of the external funds required with year had already been arranged.

However, this year's annual meeting (scheduled for June 27), will be asked to approve an issue of bonds with warrants attached of a value of up to \$200m. The authorisation would be effective up to March 31, 1982.

## Strikes eat into Daimler-Benz first quarter

By GUY HAWTHORN

STRIKES cost Daimler-Benz, the West German motor manufacturer, sales worth DM1bn. ( \$473m.) in the first quarter of the year. The stoppage, in support of metal-workers pay claim, lost the concern the production of 25,000 of its luxury cars and 8,000 commercial vehicles.

This was disclosed by Dr. Joachim Zahn, the group's chief executive, at a press conference called to review the company's performance during 1977 and the first quarter of the current year.

Turnover in the first three months totalled DM4.6bn. ( \$2.2bn.), a decline of 10 per cent. on the DM5.1bn. of the comparable period of 1977. Dr. Zahn said he could not assess the effect the strike would have on earnings, but he said although he was not prepared to make a dividend forecast so early in the year, the stoppage would not itself, result in a lowering of the payout.

During the five years to 1982, Daimler is planning a DM7bn. (\$3.5bn.) capital investment programme, the bulk of which is

planned at expanding and rationalising group production. Well under DM3bn. of the investment total would be spent on developing new models, as well as getting up such things as a new heavy gear box manufacturing unit.

The focal point of the programme would be to bring the motor car production capacity up to 450,000 units a year by the end of 1982. This compares with last year's output of 401,200 units.

Investment in the commercial vehicles sector will total between DM300m. and DM400m. During the current year the investment programme will amount to between DM1.2bn. and DM1.3bn. against DM1.1bn. in 1977 and DM900m. in the year before.

Profits rose last year from DM392m. to DM445m. at the net level. Distributed profits totalled DM225m., while some DM217m. was allocated to reserves compared with the previous year's DM167m. As a result of tax reform, the tax burden on the group increased by 24 per cent. to DM1.7bn.

According to to-day's report LINDE hopes to maintain its 1977 dividend payment of eight marks this year but a higher payment at present is not to be advocated, managing board spokesman, Hans Meinhardt, told the annual shareholders meeting in Wiesbaden, Reuter reports.

## AEG still on road to recovery

By ADRIAN DICKS

AEG-TELEFUNKEN, West Germany's second largest electrical group, does not expect 1978 to be a year "bubbling over with success," Herr Walter Cips, the chairman, said here on Tuesday. But he said emphatically that the company had achieved "essentially more solid" results in 1977 and pledged further progress.

The company, still recovering from heavy losses in the early 1970s, earned an operating surplus of DM8m. on its domestic West German activities. The

chairman refused, however, to predict when AEG would resume dividend payments. "The primary duty of this Board," said Herr Cips, "is to set the company back on solid foundations."

Two major uncertainties weighing on the group are the continued weakness in demand and the abiding confusion in West Germany over the future of nuclear energy.

On the first count, Herr Cips said that original forecasts for the electrical industry this year

had had to be revised downwards, though he stressed that there would probably not be any fresh dip into recession.

Orders were slightly down on the first quarter of 1977, he said, with a decline in export bookings not fully compensated by a slight pick-up on the home market. For 1978 as a whole AEG is now hoping for new orders of about DM15bn., following the 2 per cent. dip to DM14.4bn. registered in 1977.

By contrast, current sales during the first quarter were up 3 per cent., with exports up 12 per cent. and domestic sales down 5 per cent. for this year as a whole, Herr Cips predicted.

Sales would amount to about the same as last year's DM14.3bn. — 8 per cent. better than 1976.

On the subject of nuclear power, Herr Cips delivered a blunt attack on the "constantly increasing safety" requirements under the reform.

Kloeckner Werke looks forward to continued improvement, according to managing board chairman, Herbert Gienow, Reuter reports from Duisburg.

He told the annual meeting that new orders for steel were up by 7.7 per cent. in the first half of the year to end-September from the same period last year, while rolled steel production was 4.7 per cent. higher.

Turnover was 5.2 per cent. down, director, said that the group's financial situation was "heavily weighed down" by the need to keep topping up the reserve to be made up, noting the company's list prices were almost 30 per cent. higher two years ago. It now stands, he said, at about DM1bn.

## Tax negotiations 'fair'

By OUR FINANCIAL STAFF

WEST GERMANY'S negotiations with foreign governments on double taxation laws represent a fair way of ameliorating disadvantages suffered by foreign investors which resulted from reform of West Germany's corporation tax law, the German Economics Minister, Otto Lansdorff, said in Antwerp.

In a speech to the Belgo-Luxembourg chamber of commerce in Antwerp, he said that the negotiations, which are aimed at cutting the rate of tax with held to 15 per cent. provide an appropriate basis for resolving the problem.

Under the reformed tax system, foreign shareholders are at a disadvantage to domestic shareholders in German companies in that they cannot make use of tax credits. These are worth nine-sixteenths of dividends which domestic shareholders can offset against other tax payments due in Germany.

A group representing foreign chambers of commerce recently sent a letter to the Ministry urging removal of the capital yield tax on dividends paid to foreigners as a way of mitigating treatment of foreign investors under the reform.

Mr. Lansdorff, who is to meet the "authorities" and on the "level of any coherent political will" over the issue, all of which was producing an "immeasurable situation for the industry.

ARG-Telefunkens, despite selling its half-share in Kraftwerk Union to Siemens, remains liable for certain risks undertaken by KWU before the sale, and has once again had to add to its reserve against contingency liabilities. Herr Horst Brandy, the deputy chairman and finance director, said that the group's financial situation was "heavily weighed down" by the need to keep topping up the reserve to be made up, noting the company's list prices were almost 30 per cent. higher two years ago. It now stands, he said, at about DM1bn.

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# The Kingdom of Denmark

## U.S. \$500,000,000

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Société Générale Wells Fargo Bank, N.A. WestLB International S.A. Bank of Montreal

The Tokai Bank, Limited The Daiwa Bank Limited The Hokkaido Takushoku Bank, Limited

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The Royal Bank of Scotland Limited Scandinavian Bank Limited Skandinaviska Enskilda Banken (Luxembourg) S.A.

## Decline in French long term rates halted

By Our Own Correspondent

FRANKFURT, May 11.

THE FRENCH Government has reverted to a conventional scheme for its latest bond issue, Frs5bn. (\$650m.) of 15 year paper which will open on May 22. Unlike last year's issue the new loan will not be indexed to the European Unit of Account—an indication that with the general election now out of the way the government expects little difficulty in placing the issue.

The group say that the European commission appears to be tilted in favour of the deal. However, the cartel office appears to frown on the idea, although it had indicated that it will fall in line with the commission.

Dr. Zahn said that without the joint production deal the "U.S. monopoly" in the field would be allowed to continue unhindered. This, he said, could hardly be good for competition.

\*\* \* \*

LINDE hopes to maintain its 1977 dividend payment of eight marks this year but a higher payment at present is not to be advocated, managing board spokesman, Hans Meinhardt, told the annual shareholders meeting in Wiesbaden, Reuter reports.

\*\* \* \*

The offering is, in fact, designed particularly to appeal to pension funds. Since the interest will be subject to the 10 per cent. deduction at source the gross yield and the net yield will be the same at 10.05 per cent.

The market had expected an issue in the region of Frs5bn. since the originally forecast budget deficit in 1978 was close to Frs5bn. and the actual deficit is now expected to approach Frs20bn.

Our London staff write: The new London staff would seem to signal the end of the sharp decline in long term yields apparent since the March elections. Last week's issue from the utility EDF-Frs1.5bn. over 16 years—has been meeting with a very muted response and the new government loan is now effectively edging French yields upwards. EDF offers a net return of 9.85 per cent.

\*\* \* \*

ROBERT McNamara, president of the World Bank, believes the developing world will have to depend more on the international capital markets in the future for its development needs.

McNamara told a seminar in Washington, reports Reuter, that while the World Bank group expects to increase its development lending by about 5 per cent. in real terms over the next few years, this rise will not be sufficient to meet the needs of the lesser developed countries, which are expanding at a faster rate. He said the world bank group expects to make loan commitments of about \$8.5bn. in the

\*\* \* \*

Storebrand reduces its dividend

By FAY GJESTER

OSLO, May 11.

NORWAY'S Storebrand insurance group—the country's largest—is paying a dividend of only Kr.7 per share for 1977, against Kr.9 in 1976 following a poor year in a number of sectors.

Though premium income rose by 23 per cent. to Kr.1.9bn., group pre-tax profits fell to Kr.33.2m. (\$8.66m.) last year and further losses are possible in this sector.

\*\* \* \*

Lindbæk foresaw improved results this year.

Last year's steep fall in share values on the Oslo stock exchange led Storebrand to write down its share portfolio by Kr.36m. The group's ship and oil rig owning subsidiary, A/S Custos, made a loss of Kr.1.5m. last year and further losses are

possible in this sector.

\*\* \* \*

The Directors have declared an interim dividend of 1.350 net per ordinary stock 250 unit. This compares with an interim dividend of 1.350 net last year, the increase being to reduce disparity between the interim and final dividends.

The Directors intend, subject to unforeseen circumstances, to declare a final dividend of not less than 3.300 net per

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## INTL FINANCIAL AND COMPANY NEWS

## Banks aid Hitachi Zosen with labour cuts

By Our Financial Staff

A CONSORTIUM of ten Japanese banks has supplied a Y15bn. (\$87m.) loan to Hitachi Shipbuilding and Engineering Company (Hitachi Zosen) to help it cut its 21,000 workforce under a rationalisation programme. The leader of the consortium, Sanwa Bank, said the loan terms disclosed.

The money will be used for allowances for employees who want to change jobs or leave the company before retirement age, according to the bank. The consortium includes Daiwa Bank and the Industrial Bank of Japan, but other names were not immediately available, nor were the loan terms disclosed.

The company, which operates the third biggest shipyard in Japan, is carrying out a three-year restructuring plan. It plans to boost its land machinery division to reduce dependence on shipbuilding. The shipbuilding division has an order backlog of about 2m. gross tons, enough for it to continue operations until mid-1979, it said.

The announcement of the loan to Hitachi comes a day after the passing of legislation by the Upper House of the Diet to enable the large-scale scrapping of production capacity in the Japanese shipbuilding industry. And in three other industries—electric furnace steelmaking, aluminium refining and artificial fibres.

Under the law, the Government will provide emergency funds to companies which agreed to scrap capacity by specified percentages. The State-owned Japan Development Bank is to put up Y10bn. (\$44m.) of funds to provide guarantees for loans made to companies participating in the scheme.

## Ito-Yokado reports sharp earnings rise

By Our Own Correspondent

TOKYO, May 11. ITO-YOKADO, a leading Japanese supermarket chain which was reported yesterday is making Y70m. bond issue in the U.S., reports a sharp profits rise for the fiscal year to February.

Current profits on a non-consolidated basis were Y12.66bn. (\$86m.), up 25.8 per cent, while net profits increased by 34.4 per cent. to Y6.1bn. (\$28m.).

Ito-Yokado said that favourable business and food extra volume from 10 newly opened shops, offset the adverse impact of slack week personal consumption and the warm winter. This year, it plans to open 10 more outlets.

Consolidated operating revenues rose by 27.9 per cent. to Y414.98bn. (\$134bn.). Net profits, consolidated, were Y8.1bn., up 34.7 per cent. Consolidated profits per share, at Y88.09 were much larger than on a non-consolidated basis. The company attributes this to substantial sales increases by its Seven-Eleven (convenience store) and Denny's Japan (fast food chain) subsidiaries, which both lifted current profits by 50 per cent.

In the current fiscal year, Seven-Eleven plans to add 200 shops to its present 375 while Denny's Japan will open 23 in addition to the current 27.

## Advance at Victor Japan despite yen appreciation

By YOKO SHIBATA

VICTOR Company of Japan, one of the major manufacturers of studio components and the developer of "VHS" home-use video tape recorders achieved exceptionally good profits—among Japanese electric appliance makers, who have been badly hit by the appreciation of the yen—as a result of favourable exports and sales centering on home-use video tape recorders, in the year to March.

Sales increased by 19.7 per cent to Y163.95bn. (\$72.8m.), of which exports accounted for 45.3 per cent and advanced by 33.5 per cent over the previous year.

Current profits were Y7.29bn., up 30.6 per cent, and net profits lifted by 42.2 per cent to Y3.04bn.

TOKYO, May 11.

(\$13.5m.). As a result, per share loss where possible by hedging profits rose to Y25.7 from Y18.5 in forward exchange market.

Exports of audio equipment such as stereo sets, tape recorders split into two rival groups, the and television sets increased in VHS system developed by Japan volume, but the company had to Victor and manufactured by Japanese System developed by Sony. Both makers, who have been badly hit by the appreciation of the yen value. As a result, export groups have been engaged in order to cope with the rising yen. Against this, the company's export groups have been engaged in the domestic market, but also strong profitability of VHS sales. In other markets, and have recently been cutting prices. Victor Japan lifted VHS monthly production to 20,000 units from VTRs for Hitachi, but Hitachi

(\$128.4m.) this year. The company will manufacture for itself in the current fiscal year, according to Victor Japan.

In the domestic VTR market, Sony accounted for 30 per cent, Matsushita 20 per cent, and Victor 25 per cent to 30 per cent, the company said.

## Slowdown in NBA growth rate

By JAMES FORTH

THE NATIONAL Bank of Australasia failed to maintain its impressive growth rate of recent years in the March half-year, when earnings rose only 5.2 per cent, from \$A20.6m. to \$A21.7m. (\$U.S. 23.3m.). The slowdown was signalled earlier this week when the bank's wholly-owned finance company, Custom Credit Corporation, achieved only 3.6 per cent. rise in net earnings, from \$A8.5m. to \$A8.6m. On this occasion, banking profits led the way with a 17 per cent increase in the period, from \$A10.2m. to \$A12.7m.

The National director said that the rate of profit increase declined during the half-year, despite an increased volume of business, because of narrower interest margins and the increased rate of company tax.

Current forecasts indicated that the profit growth for the remainder of the year would be similarly affected.

The National result equalised 35 cents, compared with 39.9 cents in the first half of last year. The interim dividend has been raised from 6.5 cents a share to 7 cents. Last year the directors followed with a final of 8 cents, making a total of 14.5 cents for the year.

Group revenue rose 18 per cent, from \$A200.5m. to \$A236.5m. (\$U.S. 268m.), with a relatively subdued demand for both consumer and commercial finance.

Esanda directors indicated that a satisfactory profit should be achieved for the full year, but that the rate of growth in receivables for the remainder of the year would be lower than in recent years.

Esanda's concern about receivables—indicating difficulty in finding borrowers to lend to—reflects that expressed by other financiers.

The gross margin between the average earning rate and average borrowing rate decreased slightly, mainly because of the increased average rate paid on borrowing.

Interest rates are now tending downwards and the directors expect that the average borrowing rate paid has now reached its peak.

SYDNEY, May 11.

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## Slimmer Gollin tops expectation

By OUR OWN CORRESPONDENT

SYDNEY, May 11.

GOLLIN and Co.—the residue of tonally below the record trading group, Gollin Hold \$43.65m. earned by the former

which collapsed in mid-1974. Since 1975—surpassed expectations then, large sections of

with a profit of \$43.65m. group's assets have been sold

(\$U.S. 3.8m.) in the year to off, initially to stave off a

February 28, collapse, and subsequently to

Gollin now operates under a help repay creditors.

scheme of arrangement and this

is the first year's result.

When the scheme was under also in tea and coffee (it is

consideration the administrator Papua New Guinea's second

estimated that the 1977/78 profit largest exporter of coffee), and

would be only \$A2.19m. in the timber importing, selling and

event the result is only free trading.

SYDNEY, May 11.

The scheme administrator, Mr. John Rodger, from the accountancy firm of Price Waterhouse, said that Gollin was hopeful of returning creditors \$2 cents in the dollar of their debts.

A payment of \$A1.1m. or 2 cents in the dollar, would be made in

September as the first instalment, out of profits earned in the latest year. He said that the company had performed better than expected, and had reduced its administrative costs to \$A304,000, compared with the projection of \$A760,000.

The projected earnings for the current year are \$A2.9m. and Mr. Rodger said that he was confident this could be achieved.

The scheme still has four years to run, Mr. Rodger said that the aim to reorganise Gollin as an on-going group had been achieved, and that the company still employed 430 people in Australia and PNG, and had a net worth of \$A1.5m.

Meanwhile, two former directors are currently in court in Sydney over charges of fraud and two ex-consultants charged with aiding SAIM. They are the former managing director, Mr. Keith Gaze, and a former finance director, Mr. Richard Gleaster.

Hotel losses slow Kulim

By Wong Sulong

KUALA LUMPUR, May 11. NET PROFITS at Kulim Malaysia Berhad last year were 48 per cent higher than in 1976, but were badly affected by losses at the company's hotel subsidiary in Trinidad and Tobago.

The group's annual report shows that the holding company, which operates plantations in Malaysia, recorded a net profit after tax of 5.8m. ringgit (\$U.S. 2.4m.), representing a 163 per cent rise in 1976. But the group's net profits rose from 2.5m. to 3.7m. ringgit.

Kulim owns two hotels in Trinidad and Tobago, and while the Mount Irvine Bay Hotel made a profit of 298,000 ringgit last year, its sister hotel, Minister Bay Hotel, suffered a loss of 2.5m. ringgit.

The group's turnover rose from 65m. ringgit in 1976 to 81.7m. ringgit (\$U.S. 34.2m.) last year, with higher prices and volume of oil palm accounting for almost all the difference in turnover.

For the future, Kulim said that part of its estate is located near the growing township of Ulu Tiram in Johore.

Its new palm oil mill is expected to be in operation by the end of this year, while the group has taken up a 25 per cent stake in Edible Oil Products Berhad, which operates a large refining and fractionating plant.

Three British directors, including Mr. P. B. L. Coglan, who has served as Kulim's chairman for the past 27 years, are not seeking re-election at the coming annual meeting, and their posts are expected to be filled by Malaysians.

The Johore State Economic Development Corporation holds 33.5 per cent in Kulim, which it received by transferring 13.77 acres of oil palm to Kulim in 1976 in return for 23.15m. shares of 50 cents each.

A final dividend of 13 per cent is declared, making a total of 23 per cent, the same as the previous year.

This announcement appears as a matter of record only.

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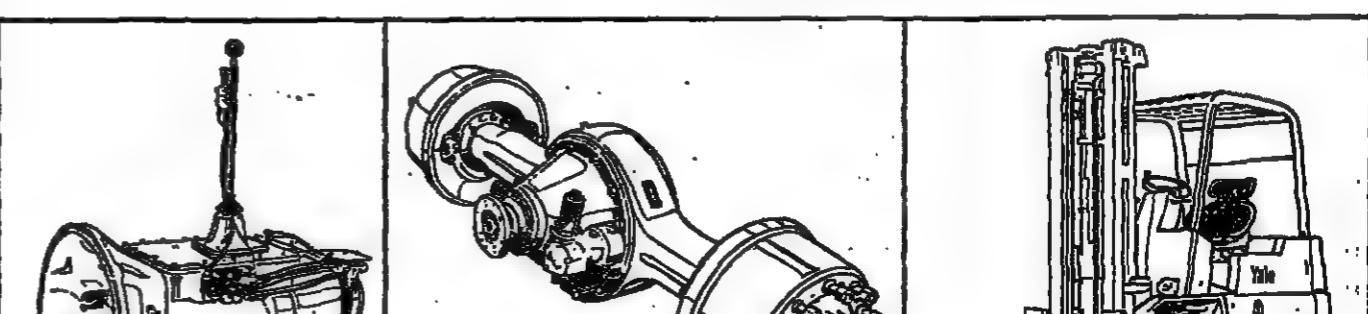
REPUBLIC NATIONAL BANK OF DALLAS

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This announcement appears as a matter of record only.

April 1978



## Eaton Corporation Cleveland, Ohio

Statement of Consolidated Income  
Eaton Corporation and Subsidiaries(in thousands of dollars  
Years ended Dec. 31)

1977 1976

\$2,110,900 \$1,808,129

16,470 17,435

\$2,127,370 \$1,825,564

Cost of products sold 1,546,432 1,327,891

Selling and administrative expenses 264,639 246,171

Research and development expenses 31,010 28,455

Interest expense 51,007 39,170

Exchange loss (gain) 10,567 (57)

\$1,903,655 1,641,630

Income before income taxes 223,715 183,934

Income taxes 117,419 93,071

\$106,296 \$90,863

Net income, in dollars, per share. 6.10 5.23

Copies of Eaton's Annual Report may be obtained from the Director of Communications, Eaton House, Staines Road, Hounslow, Middlesex, TW4 5BX. Tel: 01-572 7313.

# The Property Market

BY JOHN BRENNAN

## Accountants attack Estate Agents Bill

THE Estate Agents Bill, which failed to complete its Report in Parliament last Friday,

should be discussed in the House of Commons again to-day. Despite all-party support for the Private Member's Bill, which seeks to raise standards of residential estate agencies, it has run into strong opposition from the accountancy profession.

The accountants' opposition focuses on audit provisions in the Bill. And the powerful Institute of Chartered Accountants in England and Wales is willing to fight these provisions through

the House of Lords if necessary.

Brian Maynard, president of the English Institute of Chartered Accountants' main criticism of the Bill in a speech to the East Anglian Society of Chartered Accountants last Friday, he explained that, despite clear precedents in the Companies Acts, and in the recent Insurance Brokers (Registration) Act, the Government has been unwilling to agree to restrict estate agents' auditors primarily to members of the recognised accounting bodies.

"How," he asked, "can the auditors?"



Brian Maynard, President of the Institute of Chartered Accountants in England and Wales.

## Making the CLA work

LACK OF MONEY is not, according to town planner John Blake, the prime reason for the present failure of the Community Land Act. The planners have been one of the very few property organisations to see a glimmer of sense in the CLA provisions. And in the April edition of the Town and Country Planning Association's journal (rather wittily named "town and country planning"), London planner Mr. Blake makes an interesting case for the CLA's survival as an instrument of "positive planning".

Mr. Blake argues that local authorities were initially hog tied by the Government's limitations on the use of CLA powers, and by the lack of finance available to carry through land purchase. By being directed not to intervene when private deve-

lopers were willing to acquire CLA statistics would, he believes, and develop land, the authorities let us see which authorities are were initially reduced to looking active and which are doing at schemes which tended to be little. Mr. Blake would also like to pass the Department of the Environment's profit criteria for by the Treasury and perhaps even the temporary waiving of

in Mr. Blake's view, the prime additional incentive to the authorities' authorities. More critically, Mr. Blake feels that it is time for the Government to start making its first

CLA sees a need for a more

requiring authorities to purchase

particular types or areas of land,

and an eventual return to a move that could "galvanize

the principle of rolling and block local authorities into action".

The planners have called for

allocations to individual

purchase of inner city land at a quarterly publication of current use prices, but as that banner.

would involve alterations to the Act that could be impossible for the Government in its present precarious state of health. Mr. Blake feels that fixing a date for the Second Appointed Day would serve as a good "second best".

Mr. Blake goes on to advocate a firm warning from the Government to all authorities explaining that if they failed to carry out the provisions of the Act, they would lose their CLA powers. These powers would then be vested in new regional land authorities. This, he feels, would be the ideal solution.

From a planning viewpoint Mr. Blake's argument is hard to fault. But I doubt if too many local authorities, or too many developers within the property industry will rally to Mr. Blake's

claims about the property industry not having "influence commensurate with its importance in the corridors of power". Otherwise BPF members can have taken only mild comfort from the Minister's speech, which, although it outlined Government thoughts on speeding planning processes, inner city develop-

## IN BRIEF

THE NATIONAL Building Agency, for the Department of the Environment, has produced a new booklet, "Planning Permission—A Guide for Industry."

The booklet joins "Planning Permission—A Guide for Householders" in the Agency's series of practical guidance notes to help steer building projects through the labyrinth of planning controls. The guides are not seen as authoritative interpretations of planning law. But they do explain when and where planning permission will be needed, whether plans need to be publicly advertised. If an Industrial Development Certificate is necessary, and a general idea of the likely timetable.

The DoE is now sending copies of the booklet to local planning authorities, and these authorities will be asked to forward these to firms in their areas. The guides are also available, free of charge, from the department itself at: Department of Environment (Central), HQ Establishment, Information Division, Building No. 3 Victoria Road, South Ruislip, Middlesex HA4 0NZ, or from the Welsh Office, Information Division, Third Floor, Oxford House, Hill Street, Cardiff CF1 2SY.

## THE BRITISH PROPERTY FEDERATION

MEMBERS AT THEIR ANNUAL LUNCHEON AT LONDON'S DORCHESTER HOTEL ON TUESDAY

enjoyed a little mystery from Peter Shore, Secretary of State for the Environment, who denied

to the authorities

that he would be over concerned about

the historic cost of the land.

What matters is the current market value.

Sadly, there seemed to be of the smaller private landlords

members of the BPF at the lunch. Too few of these landlords seem to realise that for a 25 annual membership fee (fees rise with the value of property

rise) they can tune into the BPF's free advisory service Inland Revenue instructions to

RENTS FOR OFFICE SPACE IN EUROPE			
Rent in local currency	Net rent per sq. ft. per annum	Service charge	
£16 per sq. ft. per annum	£16.00	15%	
£20 per sq. ft. per annum	£20.00	20%	
£23 per sq. ft. per annum	£23.25	20%	
£24 per sq. ft. per annum	£24.00	20%	
£1100 per m <sup>2</sup> per annum	£113.25	25%	
£3000 per m <sup>2</sup> per annum	£350.00	30%	
£200 per m <sup>2</sup> per annum	£20.00	20%	
£225 per m <sup>2</sup> per month	£22.25	30%	
£350 per m <sup>2</sup> per month	£35.00	30%	
£1600 per m <sup>2</sup> per month	£160.00	15%	

Sources: *Reform*, *Elias* and *LOB*.

(leather) for £15.00?"); taxation, communications and housing.

Copies have been sent to businesses in the United

States and throughout the Continent, and can be obtained from the LOB at 27, Chancery Lane, London WC2.

prepare a new list that should be in effect from April 1, 1982.

The Government's Green Paper on the Layfield Report, published last summer, suggested that domestic property

valuations should in future be

based on a capital value basis. Mr. Shore

repeated the arguments explained that "The Government's commitment to the broad principle that private tenants of non-resident landlords

should enjoy security of tenure and that their rents should be restricted to reasonable levels.

Mr. Shore repeated the arguments for a positive land disposal programme within the inner areas and Government

agreements to the authorities

not to be over concerned about

the historic cost of the land. What matters is the current market value.

Sadly, there seemed to be of the smaller private landlords

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rise) they can tune into the BPF's free advisory service Inland Revenue instructions to

Property Deals appears on Page 24

# INDUSTRIAL AND BUSINESS PROPERTY

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Bedford.....5,000-20,000 sq. ft.

Milton Keynes.....4,750-27,850 sq. ft.

Norwich.....4,000-20,000 sq. ft.

Great Yarmouth.....units from 3,700 sq. ft.

Lowestoft.....units from 3,250 sq. ft.

Droitwich, Worcs.....units from 2,000 sq. ft.

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Greater Manchester. Warehouse/Factory Units To Let + Land for Redevelopment. 10 - 350,000 sq. ft.

Industrial Property Department.

33 King Street, London EC2V 8EE.

Tel: 01-806 4060. Telex: 885557.

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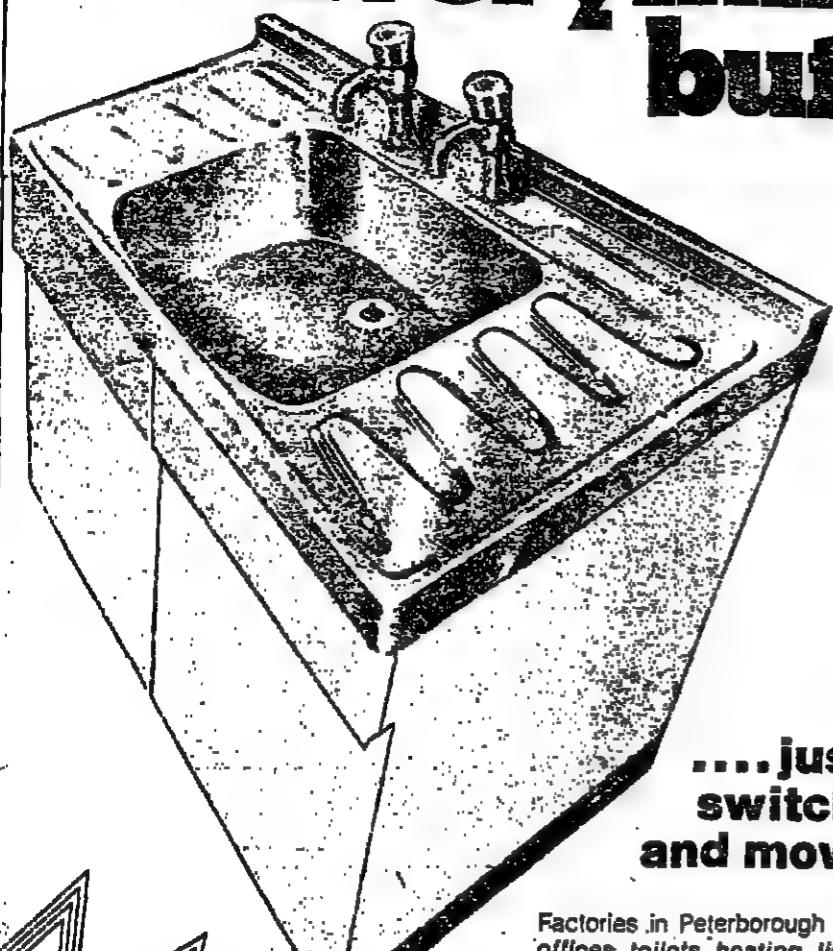
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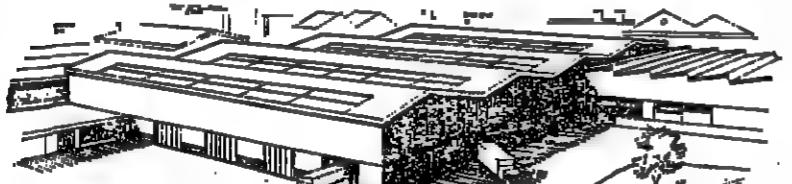
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## PROPERTY IN SCOTLAND II

## Life offices' involvement

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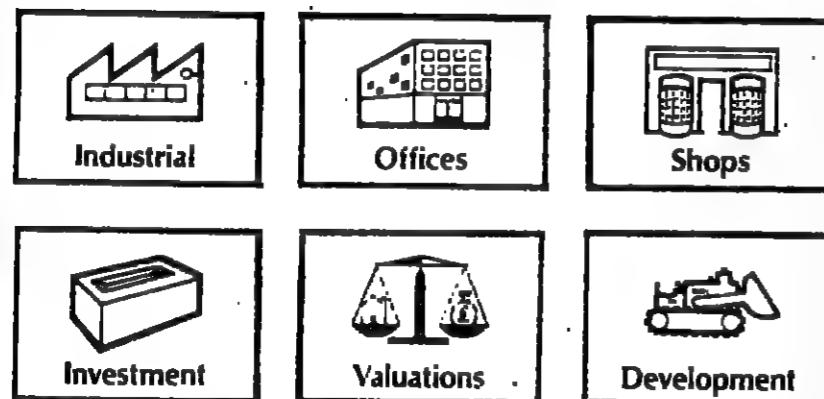
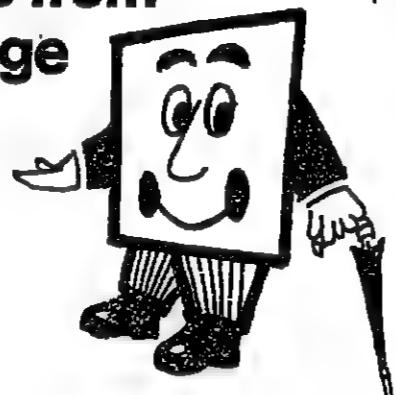
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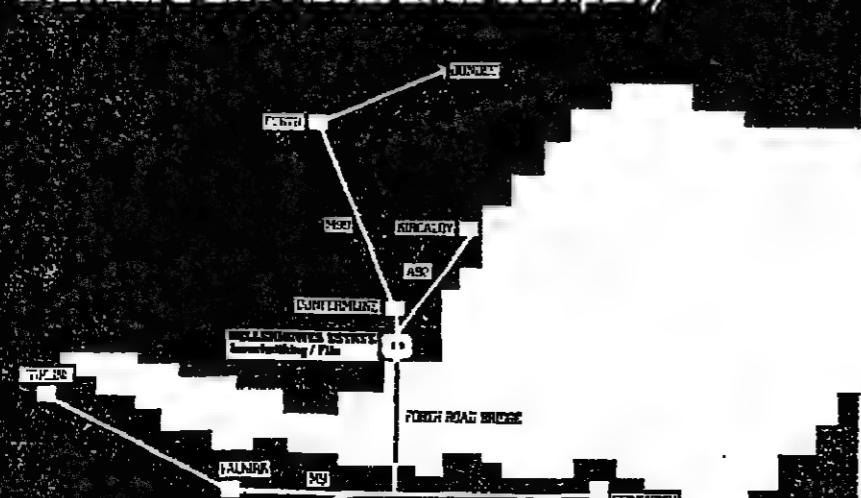


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THE U.K. life assurance industry, together with pension and the leading pension companies, is one of the main providers of capital for the property market and since the Second World War life assurance funds have steadily invested in property. Individual investors have turned to life assurance as offering a steady medium and long term investment through with-profit endowment assurance. Many small and medium-sized companies have used life assurance companies to operate their pension arrangements for employees. In such circumstances, property as a long term investment can meet the requirements of the life assurance companies. Increasing rental incomes and property values can materially assist in enabling life companies to increase their bonus rates on with-profit contracts. Property, the longest-term investment available, can cover the liabilities of pension schemes where benefits are linked to inflation.

The Scottish life companies have been involved, to a greater or lesser extent, in this growth in property investment. These life companies have achieved leading positions in with-profit performance through steadily rising bonuses. Standard Life,

in development as well as in the best interests of policy holders.

All property holdings are considered solely on their investment merits, of which regional considerations are just one factor.

Scottish life companies, therefore, do not invest in property simply because it is situated in Scotland. Nationalistic or devolution considerations do not enter into the investment considerations. The Scottish National Party has remained vague on the subject of financial involvement of the Scottish life companies in Scottish development.

### Higher

But some of these life companies do have a slightly higher proportion of their property assets in Scotland compared with their English counterparts.

To start with their main offices, part of the portfolio, are situated in Glasgow and Edinburgh with some dispersal to other towns. This will push up the proportion of property in Scotland. Then the investment manager is that much closer to the Scottish market and understands investment in that area is especially true. And all are mutual companies. Almost

without exception, well over

three-quarters of the policy holders with each of the Scottish companies are situated outside Scotland, mostly south of the Tweed and Cheviot. Clearly these companies should be very willing to participate

in development as well as in the best interests of policy holders.

Widows', possibly the most well known of Scottish life companies, has never been very active in property investment, preferring to concentrate on the equity market. It will buy good first class property at the right price, but its purchases have been few and selective. Property only accounts for about 8 per cent of assets and the company in general has done very little development. Even its managed pension fund, which offers an investment management service to pension funds providing a complete spread of investments, has no property in the portfolio at present.

In complete contrast, Scottish Widows' possibly the most well known of Scottish life companies, has never been very active in property investment, preferring to concentrate on the equity market. It will buy good first class property at the right price, but its purchases have been few and selective. Property only accounts for about 8 per cent of assets and the company in general has done very little development. Even its managed pension fund, which offers an investment management service to pension funds providing a complete spread of investments, has no property in the portfolio at present.

Scottish Life has just completed the Orchard Brae office block in Edinburgh with 110,000 square feet of space. The company is now seeking tenants for the block, its largest single property investment. It has an office block in Glasgow and its head offices in Edinburgh but otherwise very little property in Scotland.

The Scottish Provident has very little property in Scotland but otherwise it has a fair geographical spread of its portfolio. It has tended to acquire completed properties for its portfolio. The company is not enthusiastic about property at present.

Eric Short

## The market in homes

SCOTLAND MAY be a regional land. For most of Scotland it is in the depressed West. Earlier this year the Volume House-builders Study Group, representing the seven largest private house-builders in Britain, set out the equation for all to see.

Currently, Standard Life has among its developments in Scotland an industrial warehouse project in Edinburgh and another at Inverkeithing in Fife, plus an office block in Dundee.

It has only one or two small projects in the area directly affected by the oil boom. Nevertheless, the company is making outlays in the region of £30m.

Many life companies will not get involved in property development at all, contending that this is not their function and acknowledging that this is a more risky investment area and expertise is needed. Others

are very willing to participate

a year on property development.

suburban houses in particular jumping by far more than the 10 per cent which the surveyors noted.

For 1978, then, the forecast is only moderately cautious. Not many experts predict a sustained price explosion but none foresees any kind of collapse.

The most common complaint from the estate agents is that there is a shortage of good-quality properties. Once advertised, homes are staying on the market for a markedly briefer time than a year ago, and for all the caution voiced by building society managers conscious of their quotas, there is not yet any significant sign that borrowing difficulties are restraining purchases.

D. K. Barnton

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## PROPERTY IN SCOTLAND III

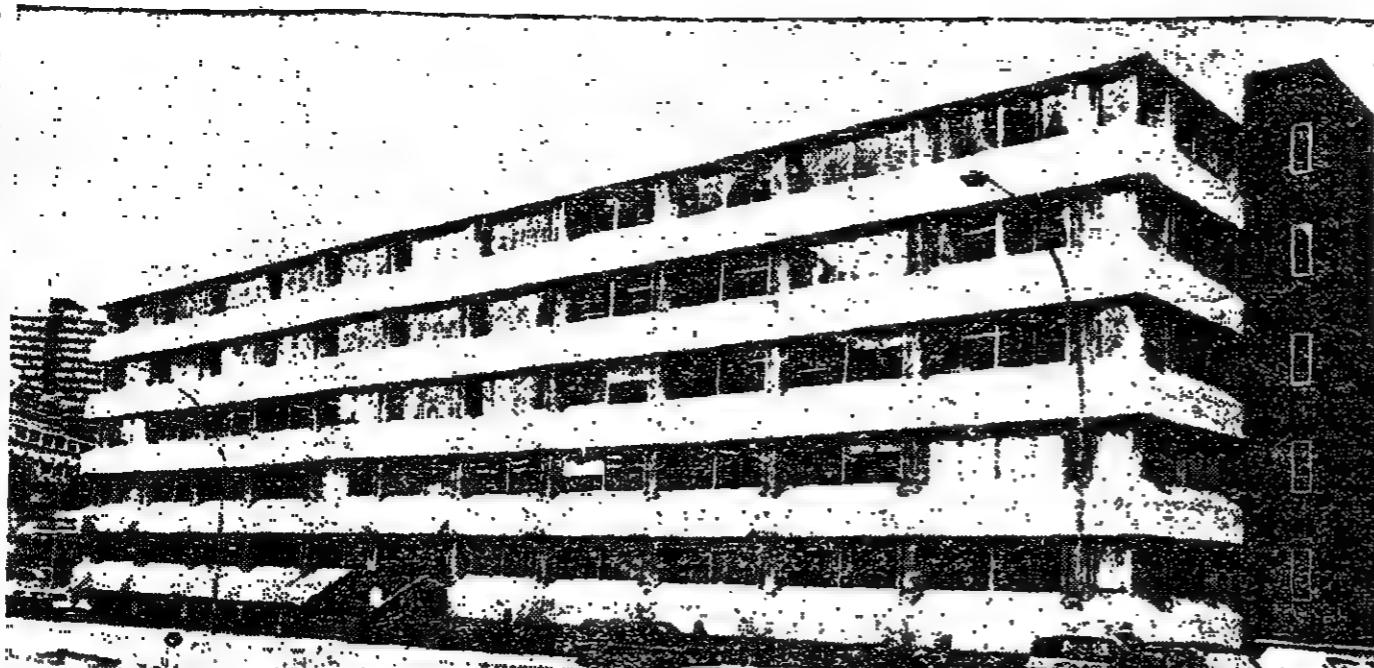
## Commercial market

THE BACKGROUND to the rental market for property in Scotland through the rest of this year and into next is the pattern of business prospects for Scotland. A number of economic studies recently carried out suggest that the Scottish economy is beginning to revert to the pattern of the rest of the country.

For the past five years or so Scotland has been marching to the beat of a different economic drum. Oil is the biggest factor behind this different tempo by far, of course, but there are other, not insignificant reasons why the Scottish economy has been growing at a different rate.

Not least amongst these has been the impetus of impending devolution. It is no accident that, with all political parties trying to win votes over devolution, investment in Scotland has been pushed up to levels out of step with the rest of the country, including other special development areas.

Between 1971 and 1975, for instance, Scotland got a disproportionately large share of total U.K. industrial investment. From 9.8 per cent. of all capital invested in 1971, its share grew to 12.5 per cent. in 1975 although its share of the gross domestic product grew only slightly to 9 per cent. The Agency has invested £17.3m. The figures exclude offshore development, but they do include has received an average of just



Inveral House, a 64,500 square foot office block in Aberdeen, developed jointly by Teesland and Bovis, has been sold for Legal and General for just under £2m.

onshore development which is over £500,000. This figure is prospects for rents and lettings.

Investment in Scotland can be seen in more concrete terms in the figures from the Scottish

Agency. It has invested £17.3m. The figures exclude offshore development, but they do include has received an average of just

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Christine Moir

## WALL STREET + OVERSEAS MARKETS

## + FOREIGN EXCHANGES

## European investors fuel 12-point gain

BY OUR WALL STREET CORRESPONDENT

PRICES pushed ahead vigorously in heavy trading on Wall Street, a \$4bn. expansion in the All Industry Index, as investors brushed aside news of an increase in the Federal Reserve system's discount rate.

The Dow Jones Industrial Average closed 12.90 higher at \$842.40 and the NYSE All Common Stocks index 46 cents ahead at \$84.38.

Volume expanded 2.30m. shares to 36.63m., with advancing issues outnumbering declining ones 1,004 to 528.

The half-point increase in the discount rate to 7 per cent, which was announced prior to the opening, had been widely expected and was seen as "corrective medicine" against rising inflation.

Helping the market was the renewed interest of European investors, encouraged by the dollar's continued firmness in foreign exchange markets.

And general economic report of a 2 per cent rise in April's retail sales also aided sentiment. The news reinforced hopes that the economy would grow more vigorously in the second quarter.

A worrying factor was the rising money supply, although

the Federal Reserve's report of

10-day, as investors brushed aside news of an increase in the Federal Reserve system's discount rate.

Computer and semi-conductor stocks were among the rally's leaders, with IBM climbing \$31 to \$265. Burroughs \$21 to \$71. NCR \$21 to \$84. Honeywell \$11 to \$38. Data General \$21 to \$55. Digital Equipment \$21 to \$49.

Among companies raising their dividends were Kodak, up \$21 to \$11. Singer, \$21 ahead at \$22. and McDonald's, steady at \$48.

Ava Products, predicting a 40 per cent. sales rise this year, jumped \$21 to \$51.

On the apparel front, Wool-

worth picked up \$21 to \$192 after the announcement that merger talks with Rockwell Brothers \$33 when last traded were ended.

Seven-Up rose \$21 to \$461, bid

in over-the-counter trading, after

a six-point jump yesterday on the

basis of a sweetened merger offer

from Philip Morris—up \$21 to \$64.

Amoco, other gainers, Polaroid

rose \$21 to \$35. Teldec \$21 to

\$89. Du Pont \$21 in \$116, and

General Motors \$21 to \$123.

Prices rose sharply in active

trading on the AMERICAN SE.

The index gained \$0.88 to 141.56,

with volume up 780,000 shares at

3.54m.

## OTHER MARKETS

GERMANY—Generally easier, chiefly because of lack of demand.

## Indices

## NEW YORK - DOW JONES

	May 10	May 9	May 8	May 7	May 6	May 5	May 4	High	Low	High	Low	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1					
Industrial...	834.20	822.07	822.07	824.65	829.02	824.41	844.55	762.10	761.70	844.55	761.70	834.20	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07	822.07			
Finance...	86.60	86.74	86.80	86.80	86.80	86.80	86.80	86.80	86.80	86.80	86.80	86.60	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74	86.74		
Transport...	224.68	222.00	221.81	221.81	224.74	224.90	224.90	224.90	224.90	224.90	224.90	224.68	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00	222.00		
Utilities...	104.47	104.63	104.63	104.63	105.35	105.01	105.01	105.01	105.01	105.01	105.01	104.47	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63	104.63		
Trading, Ind.	88.93	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.93	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80

\*Based on Index changed from August 24.

May 8 April 28 April 21 Year ago/reopened

Ind. div. yield %

5.61 5.68 6.75 4.60

	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	
Ind. div. yield %	5.04	5.08	5.14	4.40																			
Ind. P/E Ratio	9.16	8.80	8.94	10.82																			
Long Govt. Bond yield	8.43	8.39	8.30	7.80																			

STANDARD AND POOR'S

	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1
Ind. div. yield %	5.04	5.08	5.14	4.40							
Ind. P/E Ratio	9.16	8.80	8.94	10.82							
Long Govt. Bond yield	8.43	8.39	8.30	7.80							

## OVERSEAS SHARE INFORMATION

## NEW YORK

## STOCK



## STOCK EXCHANGE REPORT

## Interest rate fears and trade figure worries recede

## Leading equities extend rally but Gilts marked down late

## Account Dealing Dates

Option  
\*First Declar- Last Account  
Deals (Lons) Dealing Day  
May 2 May 11 May 12 May 23  
May 15 May 22 May 26 Jun 7  
May 20 Jun 8 Jun 9 Jun 20

\* "New time" deals may take place from 9.30 a.m. two business days earlier.

Receding concern about current interest rate levels, together with hopes that the April trade figures, due next Monday, might be better than some recent pessimistic market estimates, guided buyers to the equity leaders yesterday. Institutional sources were inquiring for lines of quality shares, but little stock was available, while new-time demand arose for many secondary and situation issues. British Funds, however, were restrained by Minimum Lending Rate uncertainties and, later by upward revision in the money

The Government's second Finance Bill, defeat failed to dampen spirits and first-line equities, as measured by the FT Industrial Ordinary share index, regained 4.9 to 47.9, thus nearly recovering over the past two days most of Tuesday's loss.

Of the many institutional features, the pension section thrived on interest generated by the latest Harrisons and Crossfield merger proposal; yesterday's terms of the Jokal/Longbone envisaged deal came too late to encounter further business. Meanwhile, London International attracted attention on news talk that a buy-out from Coms Patents could be pending.

Illustrating the general thinness of the market, business volume was the lowest so far this week with official markings totalling 5,000 compared with 5,455 on Wednesday and 5,150 on Thursday of last week. Rises resumed yesterday, by 11.1m, over falls in FT quoted industrials.

**Funds uncertain late**

The absence of any indication about MLR caused a few apprehensions in British Funds. Vague

rumours concerning clearing were notable with an improvement of 5 to 18.8p. Bank special deposits likewise failed to make an impression on market sentiment and, in the smallest trade for some considerable time, the longer maturities held overnight lost levels, while the shorts often eased a shade. The Bank of England's announcement that the growth in money supply was more than originally stated aroused little uncertainty, however, and after the official loss of business dealers partially lowered quotations. This was usually so for the high-coupon longer issues and so for the shorts. Corporations were mixed, although small falls were in the majority, ahead of today's Tynie and West 12 per cent, 1988 deb't 78 per cent of the £10m. Issue was left with the underwriters.

Traded Options were quieter yesterday and the business was much more evenly spread than of late. The number of deals transacted was 403, the lowest since April 23. Cons. Gold attracted 79 trades, but the heaviest deal in position was Courtaluds July 130 in which 30 contracts were done.

Selling by arbitragers in the absence of demand made for dull conditions in the Investment currency market and the premium fell to 108 per cent, before ending 11 lower on the day at 109 per cent. The conversion factor was 0.622 (0.681).

Press predictions that the main clearing Banks would introduce increased transmission charges as early as July following last month's report by the Price Commission helped the big four make useful progress. Barclays and Lloyds improved 8 to 33p and 37p, respectively, while National added 6 to 28p and Lloyds 20p. Hires Purchases were featured by a rise of 9m, after 93m, in Lloyds and Scottish following the sharply higher first-half earnings. Provident Financial gained 6 to 102p in sympathy and UDT added a further 3 at 206. Guineas Peat, 10 higher at 235p, were favoured among Merchant Banks and Hambrus

at 175 and Vernon Fashion, a firm

market of late following excellent results, added 3 more at 123.

Newman Industries featured

in the Electrical sector, rising

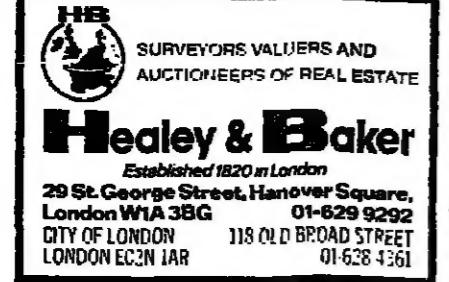
6 to 86p in response to the sharp increase in the annual profits

Elsewhere, Cableform improved 3

to 89p helped by a report in the

comment on the first-quarter





## FT SHARE INFORMATION SERVICE

## AMERICANS—Continued

## BUILDING INDUSTRY—Cont.

## DRAPERY AND STORES—Cont.

## ENGINEERING—Continued

## \*\*BRITISH FUNDS

1978	High	Low	Stock	1+	Div	Net	YTD	1978	High	Low	Stock	1+	Div	Net	YTD	1978	High	Low	Stock	1+	Div	Net	YTD
1978	100	98	100	10	0.04	98	100	1978	25	26	20	10	1	23	10	1978	72	72	72	1	0.01	72	72
1978	95	92	98	10	0.04	92	95	1978	40	40	38	10	0.04	38	40	1978	115	115	115	1	0.01	115	115
1978	102	98	102	11	0.05	98	102	1978	51	51	48	10	0.04	48	51	1978	115	115	115	1	0.01	115	115
1978	91	88	92	10	0.04	88	91	1978	41	41	38	10	0.04	38	41	1978	115	115	115	1	0.01	115	115
1978	97	94	98	10	0.04	94	97	1978	42	42	39	10	0.04	39	42	1978	115	115	115	1	0.01	115	115
1978	101	97	101	10	0.04	97	101	1978	43	43	40	10	0.04	40	43	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	44	44	41	10	0.04	41	44	1978	115	115	115	1	0.01	115	115
1978	96	93	98	10	0.04	93	96	1978	45	45	42	10	0.04	42	45	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	46	46	43	10	0.04	43	46	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	47	47	44	10	0.04	44	47	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	48	48	45	10	0.04	45	48	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	49	49	46	10	0.04	46	49	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	50	50	47	10	0.04	47	50	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	51	51	48	10	0.04	48	51	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	52	52	49	10	0.04	49	52	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	53	53	50	10	0.04	50	53	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	54	54	51	10	0.04	51	54	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	55	55	52	10	0.04	52	55	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	56	56	53	10	0.04	53	56	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	57	57	54	10	0.04	54	57	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	58	58	55	10	0.04	55	58	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	59	59	56	10	0.04	56	59	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	60	60	57	10	0.04	57	60	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	61	61	58	10	0.04	58	61	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	62	62	59	10	0.04	59	62	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	63	63	60	10	0.04	60	63	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	64	64	61	10	0.04	61	64	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	65	65	62	10	0.04	62	65	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	66	66	63	10	0.04	63	66	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	67	67	64	10	0.04	64	67	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	68	68	65	10	0.04	65	68	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	69	69	66	10	0.04	66	69	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	70	70	67	10	0.04	67	70	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	71	71	68	10	0.04	68	71	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	72	72	69	10	0.04	69	72	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	73	73	70	10	0.04	70	73	1978	115	115	115	1	0.01	115	115
1978	94	91	95	10	0.04	91	94	1978	74	74	71	10	0.04	71	74								



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# FINANCIAL TIMES

Friday May 12 1978

**BELL'S**  
SCOTCH WHISKY  
**BELL'S**

**Lonrho  
chief  
'given  
assurance  
by Owen'**

By Andrew Taylor

MR. "TINY" ROWLAND, chief executive of Lonrho said yesterday that he had been given what he regarded as a personal assurance by Dr. David Owen, Foreign Secretary, that Lonrho would not have to face charges as a result of a Department of Trade report into the company published two years ago.

Fraud Squad officers last week asked Lonrho to release certain documents relating to matters involving alleged sanctions busting in Rhodesia.

Mr. Rowland said the Foreign Office had asked him to attend a meeting with Dr. Owen about a year ago to discuss Rhodesia and the question of Lonrho's case against its company, alleging sanctions busting. He had told the Foreign Office that he could not attend such a meeting while a cloud was still over his company.

He had subsequently received assurances from a senior Foreign Office official and Dr. Owen that no charges would be brought against Lonrho as a result of the Department of Trade report. He denied, however, that there was a deal between himself and the Foreign Secretary.

**Cleared**

"I did not say that I wanted him (Dr. Owen) to speak to the Director of Public Prosecutions and get them to drop any charges against us. I just said that I could not attend a meeting until that happened—but when and if it happened I would be happy to attend a meeting."

He was later told by a senior Foreign Office official that the Attorney General's office had said that Lonrho had been cleared and that no charges would be brought. Mr. Rowland said Dr. Owen subsequently had said that a statement would be made in "weeks rather than months" and that he regarded this as a personal assurance from the Foreign Office and Dr. Owen that no charges would be brought.

After that assurance he met Dr. Owen for discussions about Rhodesia and Lonrho's sanctions charges brought against oil companies. He had not actively taken part in the negotiations, but he felt that his discussion with the Foreign Secretary had been of assistance.

The Foreign Office last night denied that Dr. Owen had given any personal assurance or guarantee that Lonrho would not have to face charges as a result of the report.

Dr. Owen would have had no way of knowing what charges if any might be brought against Lonrho.

Mr. Rowland confirmed that Fraud Squad officers had asked Lonrho to release certain documents relating to events which had occurred in 1967. He said that he was very surprised that this should have happened.

This latest development has occurred at a crucial point in Lonrho's battle to take over Scottish and Universal Investments. Mr. Roy Hattersley is due to announce early to-day whether or not he intends to refer the bid to the Monopolies Commission.

**Security**

Clearly the disclosure that the Fraud Squad had been asked to release certain documents relating to events which had occurred in 1967, has raised the question of what might have been said to Lonrho, Rhodesia and the alleged assurances given by the Foreign Office can be cleared up.

Ironically the man who until recently was in charge of Fraud Squad investigations into possible sanctions busting by Lonrho, Mr. Kenneth Etheridge, has recently joined Lonrho to look after security matters.

Mr. Etheridge said that while he was in charge of his part of the Lonrho investigation the Fraud Squad had been asked not to investigate the question of sanctions busting and that he would not have joined Lonrho if he had thought that this issue would be raised.

Meanwhile, Lonrho's bid for SUITS, which values the company at around £40m., is due to close to-day. Lonrho earlier this week said that its stake in SUITS had increased to around 40 per cent.

Continued from Page 1  
**U.S. money**

emerging in financial markets as interest rates rise and the economy recovers from the winter setbacks the Fed linked this morning's announcement of a discount rate increase with a decision aimed at trying to help savings and loan institutions, which finance home loans compete more effectively for funds.

The regulatory agencies which supervise commercial banks and savings and loan associations—announced that they would allow banks and associations to pay a higher rate of interest to depositors than they are allowed to under current Federal regulations

**DUTCH MOVE FOR NEW SAFEGUARDS REJECTED**

## U.K. stands firm on Brazil nuclear deal

By DAVID FISHLOCK, SCIENCE EDITOR

THE DUTCH Government has been told firmly that Britain and West Germany will not ask Brazil to add fresh safeguard clauses to the £100m. Urenco contract to supply Brazil with nuclear fuel.

It was confirmed by No. 10 Downing Street last night that Mr. James Callaghan had replied to a letter from Mr. Andreas van Agt, the Dutch Prime Minister, seeking tighter safeguards on the Brazilian nuclear deal.

Britain, West Germany and Holland are partners in Urenco, a uranium enrichment company set up in 1970 to develop and exploit the gas centrifuge method of enrichment.

The Brazilian contract, signed last year after receiving formal approval from all three countries, is to enrich Brazil's uranium for its first

two German-designed nuclear stations, starting in 1981.

But the Dutch Parliament has persistently refused to approve the terms safeguarding any future use Brazil may make of plutonium separated from the spent nuclear fuel.

In his letter Mr. Callaghan suggests an interpretation of the contract which might prove acceptable to the Dutch—if in fact they wish to remain partners in the Urenco project.

This is understood to relate to the storage under international surveillance—possibly in Britain—of any plutonium Brazil might separate from the spent fuel by reprocessing. West Germany has undertaken to help Brazil develop a pilot reprocessing plant, although the earliest date that this plant could be on-stream is thought to be 1985-86.

Britain and Germany appear to be acting in complete accord, and the Dutch are expecting a reply in similar terms from Chancellor Helmut Schmidt.

Neither country is anxious to display too publicly the irritation felt privately at the long and frustrating diplomatic efforts undertaken to persuade the Dutch to honour the contract.

Equally, neither is anxious to see the Dutch withdraw from Urenco, not least because it would suggest protracted negotiations to unravel the Almelo Treaty setting up the consortium.

But the Germans have taken steps to prepare for the possibility of Dutch withdrawal, in selecting a site for a new enrichment plant as close as possible to the Dutch site at Almelo, where both countries have plants at present.

## U.S. tanker order expected by British Shipbuilders

By IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH Shipbuilders is on the point of finalising a U.S. oil company order for an 80,000 dead-weight ton tanker, but has told the Government that future orders could be in jeopardy because of delays in renewing the shipbuilding intervention fund.

Only about £5m. remains from the £65m. fund set up over a year ago to help offset British yards' lack of price competitiveness with Far East builders. Most of this sum will be required to subsidise the tanker order, which would represent a considerable achievement for British Shipbuilders and is likely to be worth almost £20m.

The corporation is seeking a new fund of about £90m. but, going on the experience of last year's negotiations, this may well not be sanctioned before the end of the summer.

Whitehall does not believe that such a delay necessarily presents problems in supporting orders received by British Shipbuilders in the interim, but the corporation seems not to be convinced.

Japanese yards are quoting prices of not much more than half this level for similar vessels and this is the price cap the intervention fund will be required to allow, at least in principle.

Technically, the old fund expired at the end of March, although the EEC recently agreed that remaining funds could be carried over until next month. However, Brussels has engaged in protracted negotiations over the new fund, which is prepared to sanction only if Britain provides evidence that it has plans to restructure its industry.

British Shipbuilders, although working on a corporate plan which is certain to involve yard closures, so far has not presented any such plan and Ministers have rejected publicly the idea of planned cuts in capacity.

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## Accountants act on standards

By MICHAEL LAFFERTY

TWO MAJOR initiatives were launched yesterday by the principal U.K. accounting bodies in an effort to meet recent criticisms of the profession and to preserve self-regulation.

The chartered and certified accountants' bodies announced that they were accepting the recommendations of a committee chaired by Mr. John Grenside, senior partner of chartered accountants Peat Marwick Mitchell, which entail a radical strengthening of the profession's procedures for dealing with disciplinary matters.

In addition, the profession's Auditing Practices Committee, after a series of long delays, has issued a preview of the draft audit standards it will be publishing on May 24.

The Grenside committee's proposals, to be implemented next year assuming other necessary agreements are obtained, will give the accountancy bodies power for the first time to discipline accountants and account-

ancy firms for bad workmanship. At present, they can take action only in cases of gross inefficiency and incompetence by individual accountants and not by individual firms.

A joint disciplinary procedure will be established for the three main accounting bodies, with lay representation at all levels.

It will be costly to operate, and the Grenside report makes provision for annual contributions from the professional bodies of £500,000.

This will be financed by a flat levy of £2 per accountant, with an additional levy on each partner in every U.K. accounting firm—varying from £5 per partner in a two- to three-partner firm to £50 per partner in firms with over 50 partners. In the case of Peat Marwick, for example, the partner levy would cost a total of £7,000.

Mr. Grenside yesterday said that implementation of his committee's report, which must yet be approved by a two-thirds majority of accountants in each

institute and then receive clearance from the Privy Council, is an essential step to remove the erosion of public confidence in the profession which has been going on for the past few years.

Pointing out that the scheme did not include provision for subpoena powers, he said these would not be granted by the Government. So the accountancy bodies would have to do their best without them.

The preview of the Auditing Practices Committee's draft audit standards comes in the committee's bulletin, *True and Fair*. It says that the move has been made "partly to satisfy our critics in professional circles and outside who accuse us of not setting down clearly what an auditor is supposed to do."

*True and Fair* says there will be no rush to make the audit standards permanent, although it admits: "One day we shall wonder how we ever managed without them."

Details, Page 11



## Chinese accuse Russians of raid

By John Hoffman

PEKING, May 11. CHINA has protested strongly to the Soviet Union over an alleged military incursion into northeastern China last Tuesday.

The Chinese claim that 30 Soviet troops crossed the Ussuri River into the Heilongjiang Province firing at, and wounding, a number of Chinese peasants.

The note alleges that the Soviet troops landed in military boats, penetrated 21 miles into Chinese territory and seized 14 people, who were beaten before being released. It claims also that a Soviet helicopter violated Chinese air space at the same time.

The incident is the worst for several years and breaks an uneasy truce on the frontier.

Since Sino-Soviet antagonism has run hot and cold since the first bitter clashes in 1969.

To-day's note of protest is vigorously worded. Referring to the Heilongjiang incident as "atrocities of the Soviet troops" and "an organized military provocation against China," it demands a guarantee that no similar incident will occur in future.

"Otherwise," it warns, "the Soviet side must bear full responsibility for the consequences."

The Chinese Vice-Minister of Foreign Affairs, Mr. Yu Chan, this afternoon handed a note to the Soviet Ambassador in Peking, Mr. V. S. Tolstikov, demanding an apology and punishment for "the culprits who created this incident of bloodshed."

It comes within two weeks of the re-opening of drawn-out negotiations between Russian and Chinese officials on the border issue—a point that the Chinese Foreign Ministry did not miss in its note to Ambassador Tolstikov.

The talks opened nine years ago in an effort to find a peaceful solution to a dispute which is rooted in differing interpretation of 19th century territorial treaties between the two countries. Little progress has been made in that time. Neither side has made concessions.

Tense relations, Page 6

## Weather

U.K. TO-DAY

SUNNY intervals, showers, cool. London, E. S.E. and Cen. S. England, E. Anglia, Midlands, Channel Islands.

Sunny intervals, showers. Max. 14C (57F). S.W. England, S. Wales, Lakes, N. England.

Sunny periods, rain. Max. 13C (55F).

I. of Man, Borders, S. Scotland, N. Ireland.

Sunny periods, rain. Max. 12C (54F).

Aberdeen, Cent. Highlands, Moray, N. Scotland, Argyll.

Sunny periods, rain. Max. 10C (50F).

Orkney, Shetland.

Sunny intervals, rain. Max. 8C (46F).

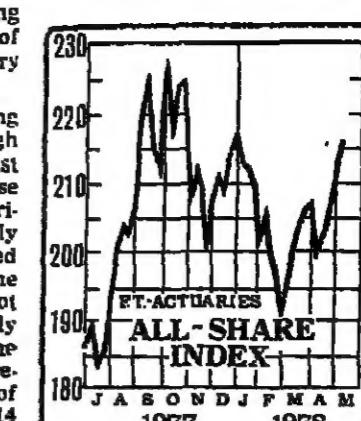
Outlook: Cold with outbreaks of rain, sunny intervals.

Details, Page 11

## THE LEX COLUMN

# Interest rates in the balance

Index rose 4.9 to 479.9



implies—given further progress in menswear—a setback in menswear which can only partly be accounted for by shop closures.

The trading image of the Burton shops is still not satisfactory, and the establishment of the new chain of Top Man shops, which could be 30-strong by the end of the calendar year, will involve initial extra costs. So rather than double up for the year to £10m. pre-tax it might be wiser to expect something nearer £7m. This would leave the shares still well below the May banking month tick away.

The money markets are hanging on grimly, in hope that this morning will bring the indications of official wishes that were conspicuously absent yesterday. The surprise rise in the U.S. discount rate has added to the uncertainties. For what it is worth, the majority opinion appears to be that there will be no more than a technical adjustment in MLR to 9 per cent. But the situation could look very different after Monday's trade figures.

### Burmah Oil

The Treasury is refusing to allow the Bank of England to give up 62 documents to Burmah Oil during the preliminary stages of the action by Burmah over the notorious January, 1975 "rescue" scheme.

The Government is able to claim Crown privilege where disclosure would be against the public interest, but it will have to justify its reliance in a court of law. Apparently the documents mostly relate to the confused period during which the Bank was willing to consider a profit-sharing arrangement over Burmah's BP stock, but was overruled by the Treasury. The 62 documents are not necessarily crucial to Burmah's action, however, and sales on the menswear side have proved disappointing in recent weeks, in contrast to the buoyant experience of much of the competition; thus, in 10 weeks to early May, sales are only 1 per cent. up which that the Burmah Board is itself whole group.

refusing to produce documents requested by the vicarious Burmah Shareholders Action Group, which wants a sight of the Chase/Orion loan agreement renegotiated—astronomically, as it turned out—October 1974. The Board's argument that a point of principle involved seems rather thin, as it looks suspiciously as though the directors are mainly concerned with keeping BSA under control. If so, it seems likely that the Board and BSA cannot find some way of operating, and are slowly drifting into confrontation.

**P &**